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## U.S. Combat Role May Become Latin Option, Shultz Says

By Bernard Gwertzman

New York Times Service

WASHINGTON — Secretary of State George P. Shultz has warned that if Congress fails to aid the anti-government rebels in Nicaragua, the United States will eventually have to make "an agonizing choice" whether to involve U.S. troops in combat in Central America.

Mr. Shultz has been warning since February that failure to aid the rebels would increase the risk of direct U.S. involvement, but neither he nor any other senior administration official had spoken directly of combat troops before Thursday.

Mr. Shultz said that some critics of the Reagan administration's policy had said "they would favor the military option if all else fails and a real threat comes."

"But by refusing to help the freedom fighters, even with humanitarian aid," he said, "they are hastening the day when the threat will grow and when we will be faced

with an agonizing choice about the use of American combat troops."

The administration routinely refers to the insurgents seeking the overthrow of the Nicaraguan government as freedom fighters.

Mr. Shultz made his remarks in a speech to the American Bar Association's standing committee on law and national security. He said that the use of combat troops was "not our policy" and that he was certain it was not desired by critics.

"We want a negotiated settlement," he said. But he added that "negotiations, especially with Communists, cannot succeed unless backed by strength."

Some of Mr. Shultz's criticism of members of Congress, who he said see themselves as "self-appointed emissaries" to the Nicaragua's ruling Sandinistas, touched off a bitter counterattack from Democrats.

The issue of American combat involvement in Central America has been a touchy one for the administration. President Ronald Reagan said at first that combat troops would never be sent to Central America; more recently he has said there were no plans to send combat troops, but that he could not preclude it under all circumstances.

Administration officials have also warned Nicaragua in the past that if it acquired high-performance fighter planes such as MiG-21s, the United States reserved the right to use force to destroy the planes.

Congress, which rejected economic and humanitarian aid to the rebels last month, is to consider similar legislation next week. Mr. Shultz appeared to be determined, as Mr. Reagan was earlier in the week, to apply as much pressure as he could on Congress to support the \$14 million in aid sought for this fiscal year.

At one point in his speech, Mr. Shultz accused congressional critics of undermining the administration's policy.

Mr. Shultz apparently was alluding to the highly publicized letter to President Daniel Ortega Saavedra of Nicaragua signed by 10 House Democrats in March 1984. In that letter, the congressmen, led by the majority leader, Representative Jim Wright of Texas, praised actions taken by the Sandinistas and (Continued on Page 3, Col. 4)



## Seoul Students Maintain Sit-In at U.S. Office

Students peered Friday through the window of the U.S. Information Service Center in Seoul, which they occupied Thursday to protest U.S. support for the South Korean government. The U.S. ambassador, Richard Walker, asked the 70 students Friday to end the sit-in, but little progress was reported. Meanwhile, police fought protesters at five universities who supported the group. Two dissidents, Kim Dae Jung and Kim Young Sam, urged restraint by the students.

## U.S. Envoy in Israel Says Sharon Divulged '82 Plan to Invade Lebanon

By Edward Walsh

Washington Post Service

JERUSALEM — In his final days as U.S. ambassador to Israel, Samuel W. Lewis has reignited a national debate here over former Defense Minister Ariel Sharon's role in planning the 1982 Israeli invasion of Lebanon and the decision to send the troops as far north as Beirut.

On Wednesday, Mr. Lewis confirmed in an interview on Israeli television that, in December 1981, six months before the invasion, Mr. Sharon outlined his attack plans to Philip C. Habib, President Reagan's special envoy for dealing with the Middle East conflict.

"Minister Sharon described in some hypothetical detail the concept for what ultimately I guess was called 'Big Pines,'" Mr. Lewis said, referring to the code name for the Israeli operation to drive the Pales-

tine Liberation Organization out of Lebanon and to install a pro-Israeli, Christian regime in Beirut.

"Habib was, as I was and others of us were, rather dumbfounded by the audacity and the political concept that this seemed to involve," Mr. Lewis said.

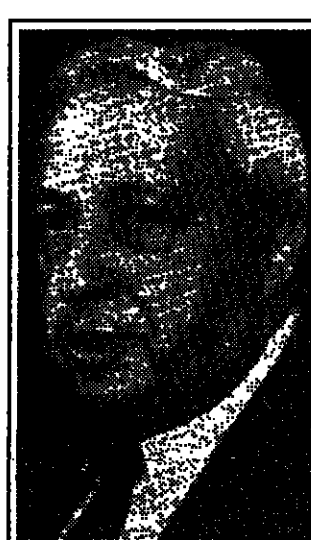
"And Habib reacted at that point very vehemently," he added. "He made it extraordinarily clear to Sharon that this was an unthinkable proposition as far as the U.S. government was concerned."

Mr. Sharon, now minister of industry and trade, was quoted Thursday as having called the ambassador's description of the meeting with Mr. Habib "a gross lie."

The afternoon newspaper Yedioth Aharnon quoted Mr. Sharon as having said:

"It's too bad that in his final, official appearance the American

(Continued on Page 2, Col. 2)



Ariel Sharon

## Amal Appears Near to Capturing Sabra and Chatila

Compiled by Our Staff From Dispatches

BEIRUT — Shiite Muslim forces closed in Friday on a small group of Palestinians in the Sabra and Chatila refugee camps, and they assaulted another complex that is the last guerrilla stronghold in Beirut.

"It's a big battle," a Palestinian spokesman said by telephone from the Borge Barjani camp in southern Beirut. "It looks like they're trying to storm in. Our fighters are holding."

The reform plan, which still requires final ministerial approval, accepts the present system of floating exchange rates and rules out any return to fixed values in the foreseeable future.

The United States and other ma-

(Continued on Page 2, Col. 4)

the camps. The attempt fell apart over lack of support from the Palestinians.

There are an estimated 3,000 Palestinian fighters in Borge Barjani, about 10 times the number that have held out since Sunday in Sabra and Chatila. Many fighters from the latter two camps apparently sneaked through enemy lines Thursday and Friday to join their comrades at Borge Barjani.

Police said 12 persons died in Friday's fighting, and at least 100 bodies from earlier battles were brought from the camps. At least 338 people have been killed since the fighting over the camps began last Sunday.

Fears of an epidemic have been growing because the heavy fire had

kept rescue workers from entering the camps to retrieve the decomposing bodies.

At Sabra, one and a half miles (3 kilometers) to the north of Borge Barjani, several Palestinians held off hundreds of Amal militiamen and 6th Brigade regulars who were advancing through the rubble of the camp behind heavy tank and machine-gun fire.

"A lot of the Palestinians sneaked out last night," an Amal militia officer said. "They left these guys here to fight us."

The guerrillas who left Sabra apparently escaped through a network of tunnels the Palestinians built years ago.

It appeared clear that those Palestinians left in Sabra could not

hold out much longer. Heavy gunfire and explosions thundered throughout the day Friday, and neighbors said they heard what seemed to be the sound of buildings in the camp being dynamited.

Since Wednesday, Amal has been backed by armor of the 6th Brigade. The brigade has acted under orders from Nabih Berri, the Amal leader and Lebanon's justice minister, since Shiites in the army rebelled against their Christian commanders. The unit, with about 1,500 men, has become a virtually autonomous force.

Amal has committed hundreds of its 6,000 fighters to what is being called the battle for the camps.

In Damascus, pro-Syrian Pales-

(Continued on Page 2, Col. 1)

## Senate Sharply Cuts Reagan's Plan for MX

By Steven V. Roberts

New York Times Service

WASHINGTON — The Senate has approved an amendment that would severely restrict President Ronald Reagan's original proposals for production and deployment of the MX strategic missile.

The 78-20 vote Thursday night followed two days of tense negotiations that ended earlier in the evening when the White House reached a compromise with senators on the huge, multiple-warhead intercontinental missile.

Under the compromise, 50 missiles could be deployed in silos beneath the Western plains that now house Minuteman missiles. Two hundred missiles were provided for in the original MX program proposed by President Jimmy Carter, and 100 were proposed by Mr. Reagan two years ago.

In a statement, Mr. Reagan said the vote represented a show of "bipartisan support" for his administration's program to modernize the country's strategic forces. But most lawmakers from both parties agreed that the compromise contained major concessions by the administration and represented a significant retreat by Mr. Reagan from his earlier positions.

The vote also reflected a growing disenchantment on Capitol Hill with the MX on the ground that it is too costly and vulnerable to attack. The House is expected to impose even stronger restrictions when it takes up the issue next month.

The amendment was added to a \$232-billion military spending bill being debated in the Senate.

Mr. Reagan had sought a compromise with the Democrats when it became obvious that the Senate was on the verge of adopting a more stringent proposal by Senator Sam Nunn, Democrat of Georgia, that would have limited the administration to deploying 40 missiles in fixed silos. Elements of the approved plan include:

- A limit of 50 during fiscal 1986 on the number of missiles that can be deployed in fixed silos.

- The limit on deployment would be strict, rather than the "pause" sought by the president at the outset of the negotiations. The amendment includes a nonbinding expression of sentiment by the Senate that no more missiles can be deployed as long as the administration adheres to its plan for deployment in existing silos.

- A limit of 12 on the number of missiles that can be manufactured during 1986, instead of the 48 that Mr. Reagan originally requested. In addition, the compromise states that between 12 and 21 missiles can be produced during fiscal 1987, but only for use as testing and as spares.

Mr. Nunn, who negotiated the deal with the White House, called it a "victory for national defense."

Senator Robert C. Byrd of West Virginia, the minority leader, said the deal sends "a clear signal to the White House that there will be no more MX missiles, no more, period, until the White House and the Pentagon come up with a basing mode that is mobile and deceptive."

The White House, however, cast the compromise in a more positive light, saying it left the door open

for the eventual deployment of 100 missiles.

At a briefing after the compromise was reached, Robert C. McFarlane, the president's national security adviser, described the 50-missile limit as "on the way to 100."

Mr. Nunn, however, said the value of Thursday's agreement was that Mr. Reagan had agreed to a limit on future deployment of the missile.

"He may express it differently, but that's my interpretation," Mr. Nunn said.

■ Vote to Test Weapons

The Senate voted Friday, 74-9, to allow three tests in space of an anti-satellite weapon if the president first certifies that testing will not damage negotiations on controlling such weapons. The Associated Press reported.

Earlier, the Senate rejected another amendment to the authorization bill that would continue a moratorium on testing anti-satellite weapons. The vote was 51-35.



Senator Sam Nunn

## Reagan's SALT Choices Include Noncompliance

By Robert C. Toth

Los Angeles Times Service

WASHINGTON — Three of four options to be presented to President Ronald Reagan next week will call for an end to American compliance with one or both U.S.-Soviet strategic arms limitation agreements, according to a senior administration official.

Such moves would be in response to Soviet violations, the official said Thursday.

The fourth option, the official said, would be to delay a decision on compliance until next year's end, when the second treaty, SALT-2, technically expires. The source spoke on the condition that he not be identified.

While Mr. Reagan could choose to accept any of the options, or reject them all, top administration officials view his decision on the accord, which forms the basis of the U.S.-Soviet strategic arms control relationship, as the year's most important arms control issue.

The president must report to Congress on the matter by June 1.

The approach most favored by the administration bureaucracy, but not necessarily by Mr. Reagan and his top advisers, is to observe only those provisions of the accords that Moscow also observes, the official said.

The SALT-2 treaty has never been ratified by the U.S. Senate, but the Reagan administration, like the Carter administration before it, has agreed to abide by its provisions.

The Soviet Union has already "signaled a willingness to continue with this policy of interim restraint," the senior official said.

The immediate effect of a U.S. decision to end compliance would be to sanction the withdrawal from service, rather than the scrapping, of a 16-missile Polaris submarine in order to stay within limits for multiple-warhead missiles. SALT-2

would require that the submarine be dismantled.

Although the move would clearly violate the letter of the agreement, U.S. officials say, the administration could argue that it is politically justified because, they contend, the Soviet Union has violated the treaty's ceiling on the total number of strategic land- and submarine-based missiles and bombers.

That option, which would keep the Polaris available for a quick return to service, has increasing appeal because of the prospect that the Pentagon budget will grow little if at all in coming years, the senior official said.

Any decision to retaliate against alleged Soviet violations or to abrogate either of the accords could be expected to be severely criticized in Congress and among allies in the

(Continued on Page 2, Col. 6)

## Parliament Bars Iceland N-Arms

Reuters

REYKJAVIK — The parliament of Iceland, a member of the North Atlantic Treaty Organization, unanimously approved a resolution Friday to make the country a nuclear-free zone.

The resolution banned the deployment of nuclear weapons on land, in territorial waters and in Icelandic airspace. Last month, the government banned nuclear-armed warships from its ports and territorial waters.

"This decision means that as a sovereign state we must make sure nuclear weapons are never brought to Iceland, neither in times of peace nor war," said Foreign Minister Geir Halldorsson after the vote in the Althing, or parliament.

The decision was a landmark move, said a spokesman for the parliament.

It also means that Iceland will be the first country to ban nuclear weapons from its territory.

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# Bomb Death of 4 Provokes Angry Dublin-Belfast Exchanges

Compiled by Our Staff From Dispatches

**BELFAST** — An IRA bombing that killed four Ulster police officers this week has heightened a dispute between the police forces of the Irish Republic and Northern Ireland, leading to an exchange of complaints.

Observers say the worsened relations threaten to hamper cooperation between the two forces in fighting cross-border attacks by the Irish Republican Army.

The conflict comes at a sensitive time, with talks under way between Dublin and London over a new political formula aimed at ending 15 years of civil strife in Northern Ireland. The formula could include some sort of joint security role.

The rift traces back to an incident in 1982, when contacts between the chiefs of the police forces in the republic and the North broke down.

The dispute was exacerbated Tuesday when Northern Ireland police issued a

statement saying they believed that the men and explosives used in the attack Monday that killed four officers had come from across the border.

The Irish Republic police, in an unprecedented move, issued a counterstatement saying there was no evidence for the charge.

The Dublin statement expressed disappointment over the claim by the North, which it described as pure speculation.

That is not the language of cooperation and mutual concern, it declared.

Dublin accused the Royal Ulster Constabulary of seeking to use the news media to point the finger at police in the republic for allegedly not doing enough to combat terrorism.

Dublin said "misunderstandings of the past few days" between the two forces should be recognized for what they were, and that both forces should be allowed to continue their cooperation "in an effective and professional way."

It made no reference to a call by Sir John Hermon, police chief in Northern Ireland, for a meeting with Lawrence Wren, the republic police chief, and other officials. Britain's domestic news agency, Press Association, said prospects for such meetings seemed slight.

Some specialists on Irish affairs saw the North's statement as an attempt by Sir John to put pressure on his counterpart in Dublin for talks on strengthening security cooperation.

In 1982, regular contacts between the two police chiefs broke down when police in the North briefly detained a man who was to have given evidence in an assault case against a relative of the Irish justice minister at the time, Sean Doherty.

The London Times said Tuesday that the IRA bomb attack on Monday "highlighted the breakdown in relations between senior police officers in the North and the Republic."

The bomb destroyed an armored Royal Ulster Constabulary patrol car a few yards from the border. The explosion, near the town of Newry, killed three policemen and a policeman. The IRA claimed responsibility.

The Irish Republican Army is fighting to drive the British from Northern Ireland. It wants to unite the predominantly Protestant province with the overwhelmingly Catholic Irish Republic after overthrowing the political establishment in Dublin.

Guerrillas operate on both sides of the loosely guarded border, often fleeing back to the republic after attacks in the North.

As the violence persists, Britain and Ireland are pursuing a dialogue over a new political formula, but a meeting of Prime Minister Margaret Thatcher and Prime Minister Garret FitzGerald on the problem will not take place until fall at the earliest, Agence-France Presse reported Friday, quoting government sources.

The officials said that both sides wanted a meeting only if assured of success. They said the meeting, originally announced for the first of the year and then postponed until summer, could be put off altogether.

At a conference of his Fine Gael Party last weekend, Mr. FitzGerald insisted on "radical action by the British Government with the Irish government to end the alienation of the Northern Ireland nationalist minority."

As evidence of such "alienation" felt by Catholics, Mr. FitzGerald cited the success of Sinn Féin, the political arm of the IRA, in May 15 local elections.

Informal sources told AFP that the Irish and British governments had looked at several possibilities for cooperation: closer ties between courts in certain jurisdictions, economic links and cooperation in security matters.

No results have been announced yet. (AP, Reuters, AFP)

## WORLD BRIEFS

### Punjab Requests Reinforced Security

**NEW DELHI (AP)** — Authorities in Punjab state, expecting an escalation in sectarian violence early next month, have requested additional paramilitary forces, the state police chief was quoted as saying Friday.

Sikhs in the northern state are planning to observe June 1 to 7 as "massacre" week to commemorate the army attack on the Golden Temple in Amritsar a year ago. Hundreds of Sikhs and soldiers were killed in the assault to dislodge suspected Sikh terrorists from the now-revived Sikh shrine.

The United News of India, reporting from the state capital of Chandigarh, quoted the police chief, K.S. Dhillon, as saying that violence was expected in certain Hindu-dominated areas. He declined to say how many additional troops were requested, but he said no curfew was planned in the city. But the police declared curfews in two other Punjab towns after Hindu-Sikh clashes and other violence blamed on Sikhs, the news agency said.

### Soviet Dissident Is Allowed to Leave

**VIENNA (AP)** — Irina Kristi, a Soviet peace activist and friend of Andrei D. Sakharov, arrived Friday with her family on a flight from Moscow after unexpectedly being allowed to leave the Soviet Union.

Mrs. Kristi, 47, said she had been trying to leave her homeland for several years. She was accompanied by her husband, Sergei Genkin, 51, and their son Grigori, 3. She said they hoped to settle in the United States.

Talking of Mr. Sakharov, a physicist and dissident, she said, "We have real grounds to believe that on the 16th of April, Sakharov was on hunger strike. . . . He was taken to the hospital on the 21st and forced, and I have reasons to believe that he was on hunger strike at least until the 3d of May."

### New Zealand to Delay Nuclear Laws

**WELLINGTON, New Zealand (AP)** — Prime Minister David Lange said Friday that the government would delay introducing legislation that formalizes its ban on nuclear warships, partly because the bill might be seen as being anti-American.

The prime minister said the bill probably would not be introduced before July. He said that U.S.-New Zealand relations had "settled down into a sensible, working relationship."

The Labor government decided earlier this year not to allow nuclear-powered or nuclear-armed warships into its harbors, putting a strain on relations with the United States. Earlier this month, Mr. Lange canceled a meeting with the U.S. secretary of state, George P. Shultz. Mr. Lange said that U.S. officials told him that Mr. Shultz would not have time to discuss the tripartite alliance of Australia, New Zealand and the United States.

### Trial in Pope Shooting Opens Monday

**ROME (AP)** — Sergei I. Antonov, the Bulgarian charged in Rome with plotting to kill Pope John Paul II, is to go on trial here Monday.

Mr. Antonov, 36, was indicted 18 months after the assassination attempt on May 13, 1981, and has spent nearly three years under arrest awaiting trial.

Mehmet Ali Agca, the Turk sentenced to life imprisonment for shooting the pope, charged after his conviction that he was assisted by Mr. Antonov and two other Bulgarians no longer stationed in Rome. The two others, both Bulgarian Embassy employees, left Italy before Italian police arrested Mr. Antonov on Nov. 25, 1982. Bulgaria has refused to extradite them.

### Partial Response to Argentine Strike

**BUENOS AIRES (UPI)** — A call for a general strike on Thursday against government austerity measures drew a partial response and the labor action ended peacefully.

Schoolteachers, bus drivers, train workers and many white-collar employees stayed on their jobs, while major industries located around the city closed.

Strikers, some of them beating huge drums, marched and took hired buses and public transportation to a protest rally in the capital's Plaza de Mayo, in front of the presidential palace. Local news agencies estimated the crowd at between 70,000 and 200,000.

### For the Record

**Sudan's former first vice president, Omar Mohammed Tayih, is to be tried for alleged involvement in the recent death of several thousand Ethiopian Jews to Israel via Khartoum, the Sudan News Agency reported.**

**South Africa proposed talks with Angola on Friday to discuss the return of a South African soldier captured in Angola three days ago.**

**The smallest of six surviving septuplets born to Patricia and Sam Frustaci, a one-pound (450-gram) boy, died Friday in Orange, California, of complications from his premature birth.**

**Nigeria's expulsion of illegal immigrants was ending Friday, Radio Nigeria said in broadcasts monitored in Abidjan, Ivory Coast. Reports from neighboring countries indicated that no more than 200,000 of the immigrants, put at 700,000 by Nigeria, had left.**

**The trial of three Solidarity leaders in Poland was postponed Friday when one defendant, Adam Michnik, became ill. A judge ruled in Gdansk that hearings should be put off until June 3.**

## Shamir Urges Pardon For Accused Settlers

Compiled by Our Staff From Dispatches

**JERUSALEM** — Foreign Minister Yitzhak Shamir vowed Friday to press the Israeli government to pardon 25 Jewish settlers accused of attacks on West Bank Arabs, referring to the settlers as "basically good boys."

Prime Minister Shimon Peres has resisted pressure to pardon the 25 before their trial is completed, and some observers have said that the dispute could jeopardize the coalition government.

The pressure, particularly from the rightist Likud bloc and Jewish settlers, has been heavy since the release Monday of 1,150 Arab prisoners, including 76 convicted murderers, in exchange for three Israeli soldiers captured in Lebanon.

"There's no connection, heaven forbid, between boys who erred but who are basically good boys who've done much for the nation, and on the other hand, terrorists, enemies, murderers," Mr. Shamir told Israeli Army Radio.

"But there is some sort of link," he said. "The trial is nearing its end, and several of them have already been convicted. The time has come to finish off this issue and bring greater unity and peace to the nation."

Mr. Shamir was prime minister in April 1984, when the settlers were arrested for acts of anti-Arab violence. Their trial began in September.

The charges include maiming two West Bank mayors in 1980, killing three Islamic students in Hebron in 1983 and planting bombs on Arab civilian buses. Nine of the settlers have pleaded guilty or have been convicted.

Abba Eban, a former foreign minister, interviewed Thursday on British television, said the issue could threaten the ruling coalition. "If we accept Mr. Peres's definition that he cannot yield in this, then the coalition is in danger," he said.

Mr. Shamir said the Likud bloc would "do everything" to win a pardon for the settlers, noting that it had a majority in the government.

Mr. Peres and most Labor ministers have stopped short of taking a

position on whether the Jewish suspects should be freed before the trial ends, probably by mid-June.

Anger over the release of the Arab prisoners remained high among many Israelis, particularly in the West Bank and Gaza. On Thursday, settlers forced two Palestinians among those set free inside Israel and the occupied territories to flee to Jordan.

General Amnon Lipkin, who is in charge of West Bank security, described the situation Friday as explosive. He added: "The settlers are determined to lay down the law."

A delegation from the council for Jewish settlements told him earlier that it could not be held responsible if the freed Arab prisoners were harassed.

Meanwhile, the army said Friday in Tel Aviv that Israeli forces had uncovered a radical Palestinian guerrilla group in the occupied West Bank, arresting 30 suspects and demolishing five homes belonging to members of the group.

An army statement said the group was based in Ramallah and was responsible for killing an Israeli soldier there last February.

(UPI, Reuters, AFP)



At a protest in Jerusalem, an American boy now settled in the Israeli-occupied West Bank holds a poster calling for the release of the Jewish settlers on trial for terrorism.

## U.S. Envoy Says Sharon Divulged Invasion Plans

(Continued from Page 1)

ambassador didn't feel the need to tell the truth and express remorse over the fact that he, together with Philip Habib and Draper here, and Veloties in Washington, were the cornerstones of the failure in Lebanon.

The others referred to by Mr. Sharon were Morris Draper, an assistant to Mr. Habib, and Nicholas A. Veloties, then assistant secretary of state.

When Israel invaded Lebanon June 6, 1982, the official announced purpose was to destroy PLO guerrilla bases in the southern part of the country.

Mr. Lewis's account of the December 1981 meeting between Mr. Sharon and Mr. Habib was not new. But it marked the first time that it had been confirmed by a senior U.S. official. A detailed description of the meeting, said to have taken place on Dec. 5, was

provided by Zeev Schiff, military editor of the newspaper Haaretz, and Ehud Yaari, Arab affairs correspondent for Israel television, in their book, "Israel's Lebanon War."

Mr. Lewis, ambassador since 1977, will leave May 31.

**Paper Gives Account of Talk**

The Israeli paper Davar added details of what it said was the conversation between Mr. Sharon and Mr. Habib, in a report from Washington. United Press International reported from Jerusalem.

Davar, citing sources in Washington but not giving their names, said Mr. Sharon had sketched to Mr. Habib a rapid 48-hour strike that would expel "50,000 armed terrorists" and make Bashir Gemayel the president of Lebanon.

Under Mr. Sharon's plan, there would then be elections and Mr. Gemayel, leader of Maronite

Christians in Lebanon, would become chief of state. Mr. Gemayel was assassinated after he was elected president but before he took office.

"You frighten me," Mr. Habib said. "What will you do with the 100,000 Palestinians?"

"We shall deliver them to the Lebanese," Mr. Sharon answered.

**U.S. Responds to Sharon**

The U.S. State Department

strongly objected Friday to Mr. Sharon's assertions that U.S. officials had not objected in late 1981 to his plans to invade Lebanon. The Associated Press reported from Washington.

A State Department spokesman, Edward P. Djerejian, confirmed Mr. Lewis's account that Mr. Habib told Mr. Sharon that his plans for a massive invasion were "unthinkable."

## 11 Industrial Nations Agree On Modest Money Reforms

(Continued from Page 1)

Participants acknowledged that greater currency stability was needed for economic recovery and that they should coordinate their domestic economic policies more closely.

But the plan reflects continuing disagreement on a number of issues, including the ability of governments to set foreign-exchange rates, the need for more liquidity to help developing countries cope with their debt crises and the role that public can play in encouraging governments to change their economic policies.

The accord on monetary revision falls short of an ambitious blueprint proposed by the negotiating group's chairman, Lamberto Dini, the deputy governor of Italy's central bank. He proposed the creation of an international committee to oversee economic policy-making and the publication of regular assessments of what governments are doing.

The present agreement grew out of widespread grumbling about high interest rates in the United States and the strength of the dollar, which many countries believe could have been avoided if the Reagan administration had adopted a policy mix that included a tighter fiscal stance.

The agreement is expected to be formally approved next month when the Group of 10 finance ministers meet in Tokyo. Before going into effect, the plan also will be discussed with representatives of the developing world at an October meeting of the International Monetary Fund's governing interim committee in Seoul.

The basic aim of the agreement is to provide closer "multilateral surveillance" over the economic policies of the world's major countries by the members of the Group of 10 and the IMF, according to officials participating in the negotiations. They discussed the accord on condition that they not be identified.

The agreement, they said, would provide greater international control over major countries' policies in these three ways:

• Jacques de Larosiere, managing director of the IMF, would urge all countries to adopt policies to promote monetary stability during the IMF's annual examination of their economies under Article 6 of the IMF rules. In the case of a disagreement during this examination, the IMF managing director could ask for a confidential explanation from the finance minister of the country concerned.

• The IMF would add a chapter to its annual review of the world economy, critically examining the likely effect on the world monetary system of policies pursued by members of the Group of 10.

• Finance ministers and central bank governors in the Group of 10 would review the conclusions of this chapter during preparation, so they would have an opportunity to discuss the wider implications of their policies.

Their discussion would be confidential, but the agreement provides for the chairman of the meeting to prepare a summary of what was said about the "appropriateness" of the various members' economic policies.

The agreement does not specify whether the chairman's summary should be published.

## New Mini-Airport Is Approved for London

The Associated Press

**LONDON** — A mini-airport in London's East End dock area, six miles and a 20-minute taxi ride from the financial center of London has been approved by the government.

The airport, approved Thursday, will be the first entirely new one to be built in Britain since World War II.

Brynmor Airways, a British commercial carrier that made test landings and takeoffs from the site two years ago with a 50-seat Canadian aircraft, said the airport will cut by 20 percent to 40 percent the travel

time to other British and West European cities.

Airlines have already made route applications for services to Paris, Amsterdam, Brussels, Rotterdam and Frankfurt.

Heathrow, London's main airport is 15 miles (24 kilometers) to the west and Gatwick Airport is 30 miles to the south.

The airport will be called Stortford, for short takeoff and landing aircraft, or STOL, which need a runway only 2,500 feet (762 meters) long.

Aircraft were expected to be operating by 1987 from the 90-acre (36-hectare) site at Newham be-

tween the disused Royal Albert and King George V docks. A rail link is planned.

John Mowlem, the major construction company involved, plans to spend £15 million (\$18.7 million) developing the airport, which it will own and operate.

The environment secretary, Patrick Jenkin, told the House of Commons that he had approved the airport despite objections that it will inflict noise on more than 40,000 people living under the flight paths.

The airport would be closed at night and operate only part of Sunday and public holidays.

## Shiites Close In on 2 Palestinian Camps

(Continued from Page 1)

tinian leaders rejected a cease-fire sponsored by Vice President Abdul Halim Khaddam of Syria.

Beirut wanted the guerrillas in Beirut to turn over their weapons to the 6th Brigade, which would control security in the camps.

The pro-Syrian Palestinians said they wanted Amal to withdraw from the camps and have the militia of Walid Jumblatt, a Druze leader, police the cease-fire.

The Palestinians believe the

Druze would be more even-handed than the 6th Brigade.

On Friday, Palestinian gunners in the Druze-controlled hills east of Beirut fired shells and rockets at Shiite militia positions and into Moslem areas of the capital for a third day, Beirut radio reported.

Amal officials said 12 shells exploded around Mr. Berri's home in West Beirut, but they said he was not hurt, they said.

Meanwhile, several diplomatic efforts were under way to end the Beirut fighting.

The foreign ministers of Libya and Morocco arrived in Damascus Friday for talks on ending the conflict. Arab diplomatic sources said

from their leaders to President Hafez al-Assad of Syria, the official Syrian news agency SANA reported.

Foreign Minister Giulio Andreotti of Italy was due to have talks in the Syrian capital after having met earlier in Beirut with President Amin Gemayel of Lebanon.

Mr. Andreotti is current president of the European Council of Ministers, and he expressed Europe's concern over the fighting.

In New York, the United Nations Security Council expressed its "serious concern" Friday at the Beirut fighting and appealed for restraint "to alleviate the sufferings of civilians."

(AP, UPI, Reuters)

## Controllers' Walkout Strands Air Passengers in Netherlands

Reuters

**AMSTERDAM** — Thousands of air passengers were stranded in the Netherlands on Friday after air traffic controllers stopped work in a pay dispute, halting scheduled flights in and out of the country.

All major airports were closed. A court in Haarlem, hearing an emergency case brought by the Transport Ministry to try to force the controllers back to work, was to give a ruling on Saturday.

The ministry and unions representing the controllers also agreed to submit the dispute to arbitration during the coming week. The controllers have demanded raises of up to \$700 a month.

It was not immediately clear when the controllers, whose action was not officially supported by their unions, would return to work. The controllers were acting unofficially and no recognized spokesmen were available.

As civil servants, the controllers are barred by law from striking. Instead, most of them called in sick.

Schiphol Airport in Amsterdam was in "organized chaos" as many thousands of passengers were

turned away and incoming flights diverted to Brussels and West German airports, a Schiphol spokesman said. Beek Airport in the southern part of the country and Zestienhoven Airport in Rotterdam also halted all flights.

Prime Minister Ruud Lubbers called the controllers' action "absolutely indefensible."

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## Boys in Norway Penetrate Paper With Computer

Reuters

**OSLO** — Two boys of 13 said Friday that they had placed a false wedding announcement in a Norwegian newspaper by breaking into its computer system with a home computer.

They said the name of one of the "betrothed" they put in the announcement was that of their teacher.

Once into the computer system, they could have changed anything in the paper, Oestendigen, the boys said.

The editor of the Eivern newspaper, Thor Solberg, said he had not realized newspapers with computerized production could be so easily penetrated.

"But I have to admit we've been caught with our trousers down," he said.

UPK 1001 SA



## New U.S. Bill Would Delay Legalization Of Aliens

By Robert Pear  
New York Times Service

WASHINGTON — Senator Alan K. Simpson has introduced a new version of his comprehensive immigration bill that would delay the granting of legal status to illegal aliens until after the United States has better control of its borders.

The action on Thursday was the third time in four years that Senator Simpson, a Republican of Wyoming, had introduced a bill to overhaul the nation's immigration laws and curtail the influx of illegal aliens.

There was, however, no sponsor for the new bill in the House. Representative Romano L. Mazzoli, a Democrat of Kentucky, who has led the campaign for the bill in the House, did not attend Senator Simpson's news conference Thursday and was silent on his intentions.

The new Simpson bill differs in several major respects from the legislation passed twice by the Senate and once by the House. Under earlier versions of the bill, amnesty for illegal aliens would have taken effect about the same time as penalties for employers who hired illegal aliens.

The new bill would not offer legal status to illegal aliens until a presidential commission certified that the employer penalties were reducing the illegal entry of aliens into the United States and the employment of illegal aliens. It was not clear how the commission could make such a determination because the government has no reliable way of counting illegal aliens.

A special U.S. commission that studied the immigration question estimated that, as of 1978, there were already 3.5 million to six million persons illegally in the United States, and the problem has steadily grown since then.

Mr. Simpson said he thought the legalization program could start within a year after the bill was passed. But he said it was necessary to make the program contingent on improved enforcement because otherwise it "would cause a tremendous stimulus to further illegal entry" by aliens.

Many conservatives have criticized the amnesty proposal on the ground that it would reward lawbreakers. The senator said he wanted to "assure the American public that legalization will not cause" additional flows of illegal aliens.

Passage of the bill appears likely in the Senate, which approved earlier versions of the legislation in 1982 and 1983 by margins of more than 4-10-1. But the outlook is uncertain in the House, which approved the measure by a vote of 216 to 211 last June.

The Simpson bill would prohibit employers from hiring illegal aliens. An employer convicted on a first offense of hiring illegal aliens would be subject to civil penalties ranging from \$100 to \$2,000 for each illegal alien. The maximum penalty on employers for a "pattern or practice" of violations would be \$10,000 for each alien.

Joseph M. Trevino of the League of United Latin American Citizens and Richard Fajardo of the Mexican-American Legal Defense and Educational Fund opposed the bill. They said the employer sanctions would probably be ineffective and that, as a result, Hispanic people would not get the benefit of a legalization program.



CLOWNING AROUND — Passengers on a New York City subway train are treated to the antics of clowns from the Ringling Bros. and Barnum & Bailey circus.

## AMERICAN TOPICS

### Twice the Turf Of a U.S. Senator

Every U.S. state has two senators but the six smallest in population — Alaska, Delaware, North Dakota, South Dakota, Vermont and Wyoming — have only one member each in the House of Representatives. Unlike the rest of the 535 members of Congress, each of these six congressmen-at-large represents an entire state. They all agree that this makes them big frogs in small ponds at home, but small frogs in the big pond of Washington.

"You can get more attention" at home, said James M. Jeffords, a Vermont Republican, noting that recognition throughout the state makes the solo House seat a ready stepping stone for the governorship or the U.S. Senate. "If you're from New York City [which has 19 representatives in Congress] you have to punch the mayor in the nose to get a headline."

In the House, at-large representatives get few choice committee assignments. "You don't have much of a cheering squad," Byron L. Dorgan, a North Dakota Democrat, told The New York Times. "It's especially lonely when you have a controversial issue."

But the six lone wolves never have to chase around to see how other representatives from their state are voting. Thomas A. Daschle, a South Dakota Democrat, said, "You meet your delegation every time you get up in the morning."

### Short Takes

Henry W. Maier is the country's longest-tenured big city mayor, with 25 years of naming Milwaukee. Mr. Maier, 67, a Democrat, is a pioneer in enabling cities to share federal revenue. His 25 years in office surpass the 24 served by a Milwaukee predecessor, Daniel W. Hoan, and Atlanta's mayor, William B. Hartfield, or the late Richard J. Daley's 22 years in Chicago, but are well short of the 41 years served by Erastus Corning 2d of Albany, New York, until his death in 1983.

An elderly California couple has won \$7.4 million from an insurance company. Their attorney said they would have accepted \$17,000 for "run-of-the-mill" injuries suffered when their car was struck in the rear in 1978. The award of more than 400 times that much was part of a trend in multimillion-dollar verdicts against insurance companies for "bad faith," and the first tried under a new California law requiring insurers to negotiate claims fairly and promptly.

Shorter Takes: Tulsa, Oklahoma, population 361,000, is the most typical American city in the age and income distribution of its residents and the percentage of blacks, according to American Demographics magazine. ... Federal agencies have begun electronically blocking their 230,000 phones in Washington to prevent employees from dialing time, weather or other prerecorded messages such as Dial-a-Joke. Estimated saving: about \$300,000 a year. ... The Philadelphia Orchestra attained national prominence under the late Eugene Ormandy and is maintaining it under Riccardo Muti, who has ended the practice of allowing season ticket holders to bequeath their seats to their heirs. Now, when a holder dies, the seat is sold to someone on the waiting list.

## U.S. May Consider Combat In Latin America, Shultz Says

(Continued from Page 1)

called on Mr. Ortega to hold genuine free elections that November.

■ **Officer's Indictment Expected**  
James LeMayne of The New York Times reported earlier from San Salvador:

U.S. and Salvadoran officials say they intend to reopen an investigation into the 1981 killings of two American agrarian advisers and as head of the Salvadoran land-redistribution institute here. They added that they expected an army officer to be indicted in the case.

Plans for investigations have been announced by the Salvadoran government in the past but were never fulfilled. President José Napoleón Duarte pledged repeatedly when he took office to investigate the killing of the agrarian advisers and at least five other notorious human rights cases here, including the 1980 assassination of Archbishop Oscar Arnaldo Romero.

Salvadoran Army officers have been convicted of murder in a human rights case despite the known involvement of the military in such killings in past years.

the Atlantic submarine fleet in Norfolk.

Then he trained radio officers at the Naval Training Center in San Diego. In 1974, he returned to Norfolk as a communications systems officer, with access to information about the surface fleet. He retired two years later.

Eugene J. Carroll, a retired rear admiral, said that radio officers also had knowledge of the codes used to send messages. If information about those codes were given to the Russians, national security might have been jeopardized, he said.

Because he had security clearance that gave him the ability to see highly secret documents, John Walker was probably aware of most major movements of the submarine fleet, officials said. That could be a threat to national security, they said, as submarines are otherwise difficult for an enemy to track.

Military analysts said information that John Walker might have collected before his retirement from the navy might have been much more valuable to the Soviet Union. For that reason, he may have been less important to them since he left the service, they said.

Captain James T. Bush, a retired submarine commander, said that it seemed unlikely that John Walker was a "serious spy" as he chose to retire after only 20 years. If he had been valuable, he said, the Soviet Union would probably have wanted him to remain in the service.

Still, Admiral Elmo R. Zumwalt Jr., the former chief of naval operations, said that if the charges against John Walker were true, "this would represent a breach of security as serious as any I can recall."

Ray Cline, a former deputy director of the Central Intelligence Agency, said, "Just from the description of his assignments, it's inconceivable to me that he did not have the opportunity to steal very sensitive data. From my reading of what has been said publicly, this is a very serious penetration."



Michael L. Walker

### ■ Spy Gets Life Sentence

A U.S. judge sentenced Thomas Patrick Cavanagh on Thursday to life in prison, the Los Angeles Times reported from Los Angeles. The Northern Corp. aerospace engineer had pleaded guilty March 13 to two espionage counts of trying to sell secrets of the U.S. Stealth bomber program to the Soviet Union. The Stealth program is designed to make U.S. planes invisible to enemy radar.

## U.S. to Fire Laser Beam At Shuttle

WASHINGTON — In a test of an element of anti-missile technology, a laser beam will be fired next month from Hawaii at a reflector on the U.S. space shuttle Discovery 70 annually," the committee said.

The laser, which the Pentagon described Thursday as low in power, is not intended to demonstrate the ability to destroy an object in space, a spokesman said, but rather to examine how a beam of light travels after crossing the atmosphere and how corrections in its path can be made.

The experiment was mentioned Thursday in an internationally broadcast news conference by Lieutenant General James A. Abrahamson of the air force, director of the office that is coordinating the Strategic Defense Initiative. President Ronald Reagan's program to develop a space defense against intercontinental missiles.

A subsequent Pentagon announcement said the test would be "a high-precision tracking experiment" and would take place in mid-June. The announcement said it was the first in a series of experiments to be performed during shuttle flights by the SDI office.

The laser beam is to be directed at a reflector eight inches (20 centimeters) in diameter mounted just below the shuttle pilot's flight deck windows.

Dr. Kurt Gottfried, a Cornell University physicist who is a critic of the space defense plan, said information released about the test did not explain its significance. Dr. Gottfried said the general physics of laser behavior in the atmosphere already was generally understood.

Ground-based lasers have been used to measure distances to the moon with great accuracy and many laser experiments have been conducted in the atmosphere.

Space defense research will explore the feasibility of using different kinds of energy, including various lasers, to destroy or disable missiles in the early stage of flight or the warheads they release later.

## Study on Artificial Hearts Backs Untethered Device

Experts Urge Expanded U.S. Research On Organ With Own Source of Power

By Lawrence K. Altman  
New York Times Service

NEW YORK — The concept of a fully implantable, permanent artificial heart has received a sweeping endorsement from a committee of experts appointed to study its potential therapeutic impact on society.

The study group, in a report released Thursday that could well redirect national priorities on one of the boldest experiments in medical history, said that when an artificial heart not connected to a power source outside the body becomes available, it would cost an estimated \$5 billion each year, making it probably the single most expensive medical procedure available.

Yet the study group called for greatly expanded U.S. research efforts to develop a fully implantable, permanent artificial heart. Such devices "could provide a significant increase in life span, with an acceptable quality of life, for 17,000 to 35,000 patients below age 70 annually," the committee said.

That projection, which falls in the middle range of previous estimates, was based largely on a new study of deaths in Olmsted County, Minnesota, undertaken for the committee's assessment. The committee estimated that each implant would cost about \$150,000 and that recipients would survive an average of 54 months, but only after painstaking research through experience with inevitable tragic failures.

The study, done for the National Institutes of Health, did not specifically evaluate any of the five implants of the Jarvik-7 artificial hearts performed to date but dealt instead with the general thrust of the U.S. artificial heart program. The Jarvik-7 heart requires an outside power source.

Depending on the progress of experiments on animals as well as experiments on humans with other models of artificial hearts, an untethered device might be implanted in a human within a decade, according to NIH officials.

Dr. Claude Lenfant, director of the National Heart, Lung, and Blood Institute, who convened the study panel, said the report "sends an important message to our institute — a strong directive for us to continue what we started and also to mount new programs to develop fully implantable artificial hearts."

Dr. Lenfant explained that the amount of money involved would be a matter of priority in the nation's and the institute's financing. Over the next 13 years the programs to develop such a heart could cost \$73.2 million on top of the \$56.6 million already planned, he said.

The new study is one of a series of periodic reports on artificial hearts that officials of the National Heart, Lung and Blood Institute have ordered in recent decades.

Critics of the artificial heart program were unwilling to respond to the report Thursday because they had not had a chance to study it.

The chairman of the committee

was Dr. Robert L. Van Citters, a professor of medicine, physiology and biophysics at the University of Washington.

The report of the committee of 14 said, "The artificial heart will likely fall within the broad range of currently accepted, expensive medical procedures."

It added that the artificial heart "will certainly be more efficient and a better use of resources than some 'standard' treatments."

The committee raised the question of whether society wanted to spend its money on artificial hearts instead of other medical therapies and preventions and social needs, particularly if the costs for the mechanical heart restrict access to other goods and services.

The committee said it viewed an air-driven artificial heart, which requires the recipients to be tethered to a machine, as merely "a step toward the development, validation and clinical testing of the totally implanted, tether-free systems that we believe are the only systems with long-range promise."

There are total artificial hearts and partial ones, known as ventricular assist devices, that could be used on a temporary or permanent basis.

But the study group said that it believed a "thermal engine would afford the potential for the most compact system with the longest lifetime." A thermal engine uses body heat as a power source.

The committee urged more study of the ethics of how people would adjust to life on the devices. The quality of life on an artificial heart might seem "more attractive despite its significant imperfections" to those people who have progressively gone downhill from chronic heart disease and the adjustment might be more difficult for victims of acute heart attacks who "with catastrophic suddenness" find themselves living with such a device.

Moreover, the committee called for "a clearer social consensus than now exists about the moral implications of the unwillingness of a bearer of an artificial heart to continue to accept it."

## U.S. Investigates Charity Kickbacks

WASHINGTON — Officers of the Salvation Army charity organization are under criminal investigation in several U.S. cities for having allegedly received illegal payments from a Philadelphia company that handled used clothing, according to law enforcement officials.

The Salvation Army officers were said to have taken payments from the Dumont Export Co. from 1970 until May 1983 in return for a regular supply of castoff clothing that even the charity's thrift shop managers found of little or no value.

## Pentagon Procurement: Rewarding Suppliers Who Raise Costs

(Continued from Page 1)

including major weapons themselves, is priced the same way as spare parts," he said.

Another official agreed. "Any weapon system, such as a fighter," he said, "is only an aggregation of parts and components, and we pay for them on the basis of 'allowable' costs, with profit based on a percentage of costs," he said.

"It is just harder to see with a fighter because the layman doesn't have any way of judging what a fighter or a tank should cost," he explained.

Ideas proposed to control the costs of acquiring weapons, and impediments to putting them into effect, include:

● Freezing the military budget. In one sense, this has become one of the more plausible solutions because many members of Congress seem willing to limit the increase in military spending for fiscal 1986 to the rate of inflation. Their intent is not to punish the Pentagon, they say, but to force it to get the most for its money. Several business groups, although not major military contractors, favor this approach.

One problem with that sort of proposal is that in the past it has led to bureaucratic warfare and grotesque attempts to retaliate against budget-cutters. When the departments of Interior and Defense were ordered to cut spending in the 1960s, they responded with suggestions to close the Washington Monument and to retrieve American flags after military burials rather than presenting them to widows.

Another problem with that approach is that it is unlikely to bring the nation closer to its goal of modernized forces unless unit costs are controlled through better management.

Many congressmen and not a few high-ranking administration officials believe that it is a hopeless

task to measure, let alone boost, the actual increase in military weapons and forces. Therefore they measure their fidelity to a stronger defense in terms of their votes for higher budget totals, as President Ronald Reagan himself has.

● Locking the revolving door. Contractors are increasingly offering jobs to retiring military procurement officers who have supervised their work. Lately they have even hired officers who oversaw testing of their weaponry.

Under military policy, colonels and navy captains usually retire if they are not selected for promotion to general or admiral. According to statistics, such officers average 43 years of age and, with military allowances added to base salary, are receiving relatively high salaries.

Many have children in college and costly home mortgages. And many are far from ready for actual retirement, in which they would be paid half of base salary.

While few critics accuse such officers of corruption, many believe that the prospect of post-retirement work tempts them to treat contractors as sympathetically as possible.

These critics suggest there is no incentive for program managers and contract administrators to probe contractors' claims about cost and performance.

The Senate, which is presently considering a military authorization bill for fiscal 1986, has approved an amendment that would bar government employees from dealing with contractors who approached them about jobs.

● Getting the unfurnished services out of military acquisition. Although the notion may seem novel or even radical, many foreign governments leave acquisition to elite civilian bureaucracies.

The widely admired French system is run by a handful of senior officers who are permanently assigned to procurement and whose promotions and careers are insulat-

## Army Suspends Payments to Hughes

The Associated Press

WASHINGTON — The U.S. Army has suspended monthly payments for overhead expenses to Hughes Helicopter Inc. pending an investigation of "serious charges of accounting irregularities," Army Secretary John O. Marsh Jr. said Friday.

Mr. Marsh said the payments of about \$30 million a month were suspended May 17 after a Pentagon audit cited "charges for unallowable costs, charges for duplicate costs and inadequate internal controls involving millions of dollars."

Hughes Helicopter, a subsidiary of the nation's largest defense contractor, McDonnell Douglas Corp., is the army's prime contractor for the AH-64 Apache helicopter.

ed from the armed forces as a whole.

Another possibility would be to allow the armed services to decide what weapons' capabilities should be and to perform final tests to ensure that those requirements were met. The interim steps would be taken out of the hands of those in uniform.

● Forcing the Pentagon to permit real competition. Calculations indicate that only about 6 percent of the dollar volume of contracts is assigned competitively. The investigation staff of the House Appropriations Committee reported that component prices fell, often spectacularly, in every case in which contracts were awarded competitively.

If signed into law, the Senate's measure requiring the military to use competitive bidding on most contracts could fall victim to bureaucratic sabotage. For example: Although McDonnell-Douglas's C-17 won a contest for design proposals for a new strategic airlift plane, Defense Secretary Caspar W. Weinberger chose Lockheed to build 50 more of the seriously flawed C-5.

Informed officials said Mr. Weinberger was influenced by White House pressure. Then, in a classic Pentagon action, it was decided to build the C-17, too.

On rare occasions, the Pentagon

has successfully organized competitions between industry-financed prototypes.

The competition is intended to allow the Pentagon in selecting companies that will be asked to make bids. Under that system it takes one to three years to select a contractor, a process that critics believe could be completed in eight weeks in some cases. The length of the selection process is one of several possible reasons why Air Force weapons that once took five years to go into service now take 11½ years.

● Applying work-measurement standards. U.S. industrial engineers pioneered the science of calculating how much a standard hour of work should cost, and such techniques are widely used in private industry. Repeated studies indicate that while quality work can be obtained for about \$35 a standard hour, the best military contractors are charging about \$150 an hour and in one case have gone to more than \$3,000 for a standard hour.

In writing contracts, however, the Pentagon has resisted using a scientific calculation of the standard hour, which would challenge the entire incentive system.

● Controlling charges in design. One reason for soaring prices is that Pentagon committees frequently add new requirements or

equipment to the design for which the contract has been awarded. It is also common to request technology that has not yet been invented or engineered while proceeding concurrently with production and research.

Those methods are very expensive, but the Pentagon argues that sticking with proven technology would result in obsolete equipment.

● Enhancing "program stability." This approach, given a high priority by the Pentagon bureaucracy, is defined as sticking to a weapon-buying plan so that efficient production rates can be established and prices gradually will go down. Military officials often cite this principle in urging Congress not to reduce budget requests.

What happens in practice is something altogether different, according to a series of studies conducted by Franklin C. Spinney, a Pentagon analyst. Mr. Spinney says the unit costs of weapons are nearly always higher than predicted. His view was disputed by his superiors, who have made strenuous, though unsuccessful, efforts to bar him from testifying to Congress.

The historical tendency to un-

derestimate costs, which independent analysts say has accelerated, has had serious consequences. When the cost of all programs is understated because of what an official Air Force study called "unbridled optimism" or by outright collusion between the services and contractors to delude Congress, the eventual result is that appropriated funds cover neither the purchase of the planned number of weapons nor the cost of operating and maintaining them.

The path usually taken is to stretch the production of all items over a longer time period, a practice that inexorably leads to higher unit costs and, in turn, aggravates the problem in subsequent budget cycles.

Canceling some weapons programs instead of stretching all of them over a longer time period frequently has been suggested, sometimes by military officials themselves. But no matter how expensive a ballooning program may seem, the Pentagon usually has argued successfully that to kill a program would be to sacrifice money already spent.

Once initiated, a program also builds a powerful constituency in industry and therefore in Congress.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Let Ratification Proceed

It is not news that some ultraconservative groups have long opposed ratification of the Genocide Treaty. For decades, alarmist lobbies and isolationist publications have been issuing warnings of the dire consequences that would befall Americans if the pact, signed 36 years ago, were ratified by the Senate. Innocent citizens, we were told, would be hauled off for criminal trials before the World Court and sent to prison in Iran or Nicaragua. American soldiers would be subjected to humiliating public trial by scheming Communists. Third World dictators would be able to override the U.S. Constitution. Such unfounded fears have led to the adoption of two reservations by the Senate Foreign Relations Committee, which reported the ratification resolution this week.

The treaty, which has been accepted by 96 nations, makes it an international crime to kill or seriously harm members of a religious, racial or ethnic group as part of a plan to destroy that group. If the United States were to ratify the treaty, Congress would then have to pass legislation implementing it. The World Court does have responsibility under the treaty to interpret its language, but since the court cannot conduct criminal trials or order sanctions

of any kind except through the United Nations Security Council, where the United States has a veto, there should be no fear that the agreement requires abandoning American citizens to some international tribunal.

Senator Jesse Helms offered two reservations, one requiring special U.S. consent to World Court jurisdiction in cases involving the United States, the other asserting that Americans are not obligated to enact legislation contrary to the U.S. Constitution. These reservations purport to save America from a terrible fate. In fact, it has never been threatened.

The resolution of ratification now goes to the floor encumbered with these superfluous reservations. But, while they are undesirable, they do not seriously undermine the treaty, and it would be foolish for senators who have long and faithfully supported ratification to abandon the measure because of Senator Helms's small victory. It is humiliating for the United States, in ratifying, to signal uncertainty about its ability to defend itself against unfounded charges of genocide. But even if the reservations cannot be eliminated by the full Senate, ratification should go forward.

—THE WASHINGTON POST.

## Radio War With Castro

Radio Martí, the Reagan administration's pet project for annoying Fidel Castro, has done just that. The station made its debut on Monday, Cuba's Independence Day. Instantly and angrily, Mr. Castro retaliated by suspending the only agreement Cuba has reached with this administration. The gate is now closed to legal emigration from Cuba and to the repatriation of 3,000 "excludables" with criminal records who are dumped on Florida in the 1980 Mariel exodus.

Why is the Cuban leader so angry? There is not much inflammatory in the content of the new station. Congress stipulated that it provide news, not propaganda. It follows Voice of America rules that bar free-wheeling commentary by exiles as on Radio Free Europe. Much of its coverage duplicates news carried on Florida's Spanish-language stations, which reach most of Cuba. What seems to inflame Mr. Castro most is the new station's name.

He has half a point. José Martí (1853-1895) is Cuba's prophet of independence, a gifted writer who agitated against Spanish rule and

warned against Yankee domination. It never made much sense to expropriate his name for a U.S.-run station whose mission is neutral reporting. Imagine the indignation if the Soviet Union ignored American objections and created Radio Lincoln to broadcast across the Bering Strait commencing the Fourth of July. But Americans would respond to a Radio Lincoln with ridicule, not jamming.

Mr. Castro's angry reprisals are apt to be self-defeating. It took patient years to bring about the December agreement on repatriation of the Marielitos. Scuttling the deal hurts Cuba; witness the glee he has now inspired among Castro-haters in the United States who fear any wider understanding.

The radio war, alas, will not gain the United States anything much either. Perhaps no accommodation is possible that can end Cuba's isolation in return for a loosening of Mr. Castro's bonds to the Soviet Union and the opening up of a closed system. All the radio war can contribute, however, is static.

—THE NEW YORK TIMES.

## The Secretary Did Well

Secretary of the Navy John Lehman found that General Dynamics, America's third-largest defense contractor, had padded its bills. He insisted that it repay \$75 million in disputed "overhead" charges, the most memorable of which is a kennel fee for an executive's dog. He also found that the company had tried to buy favor by giving a series of gifts worth more than \$65,000 to Admiral Hyman G. Rickover when he was overseeing its work on nuclear submarines. Mr. Lehman fined the company \$676,283 — 10 times the value of the gifts — and gave the 83-year-old retired admiral a nonpunitive letter of censure. Mr. Lehman also canceled two contracts worth \$22.5 million with offending units of General Dynamics, and insisted that the company adopt a "rigorous code of ethics" for its officers in the future. He did not bar the chairman, David S. Lewis, from further defense activity, as the Pentagon's inspector general had urged. But a day later Mr. Lewis announced that he would resign by the end of this year.

Some Democratic critics of Mr. Lehman say that, if only as a deterrent to other contractors, he should have imposed harsher punishment. They talk of such alternatives as barring the company from defense work for a while. They note that General Dynamics stock went up 1 1/4 points the day after the secretary's action — a

sign, they say, that investors had expected worse. But neither the company's stockholders nor its board can feel good about what happened to it. The financial penalties are not important. General Dynamics has more than \$1 billion in current contracts with the Defense Department; it had profits of \$381.7 million last year. But public humiliation has to count for something. General Dynamics has been found to have violated a public trust, and other contractors are on notice.

There is an acknowledged limit to how sharply the Pentagon can deal with a major contractor. General Dynamics is the sole supplier of the navy's number-one submarine, the army's number-one tank, the air force's number-one fighter and much more. The navy and other services need General Dynamics. They are as dependent on it as it is on them.

There are serious questions about what the Pentagon's relationship should be with its contractors. Is it right to think of these specialized companies as private industry? Does it make sense to call for competition, firm prices and other features of private commerce on big weapons contracts? Or should there be more direct methods of control? But these are larger issues. In the context in which he was acting, Secretary Lehman served the public well.

—THE WASHINGTON POST.

## Other Opinion

### Generals Lead South Africa

[The South African] government has been forced to admit that South African troops are still operating deep in Angola. There was what was termed a withdrawal of all South African troops from Angola in the middle of April, but it seems that some got left behind. Their purpose, of course, is to continue to help UNITA in its guerrilla war against the Angolan government. Setting aside all the shortcomings of that government, it has plainly been double-crossed yet again by the South Africans.

Whatever we think of South Africa, reports of this episode, on the assumption that they

are substantially true, show what everyone should already have grasped — that South Africa is prepared to go to any lengths, break any promises, threaten any alliance to defend what she regards as her own legitimate interests. The cooing noises which her diplomats make should not lead the United States or anyone else into believing that a South African accommodation with the Angolan government is likely before that government has been properly destabilized. In a country which sees itself as being at war — which South Africa certainly does — it is the generals and not the diplomats who usually have the final say.

—The Daily Telegraph (London).



## The White Tribe Will Have No Negotiation

By Breyten Breytenbach

Mr. Breytenbach, the Afrikaans poet, was charged with terrorism and served seven years in South African prisons. This is the first of two articles.

PARIS — The complex of interests symbolized by the concept "South Africa" — "apartheid," "colonialism," "East-West conflict" — is a running sore on the body politic of the world community; we all sense the urgency of the issues and the importance of the solutions. But the veiling of the real strategies, and the duplicity of the world powers publicly criticizing the South African regime while they discreetly strengthen it, make it difficult for the outside observer to see a clear picture.

In this century, successive generations of "informed opinion" have had to face the phenomenon of what I would call ideological rabies. The

**The black majority cannot settle for anything less than full participation in the political, economic and social processes.**

Nazis were a case in point. In none of these instances could international outrage end the horrors. Is it because moral persuasion has no political force? Or is it dangerously naive to expect some decency in the practice of politics?

In the case of South Africa, the hanky-panky by the Western powers, the discrepancies between words and deeds, can probably be ascribed to the sense of shame resulting from collusion. Or maybe the protagonists just don't care about world conscience. Are they not hard-headed pragmatists after all?

As the last white colony of any consequence, South Africa is a historical oddity. Although its history cannot be interpreted exclusively in colo-

niaist terms, its system does reflect the insensitivities and arrogance flowing from conquest and occupation. It would seem as if time passed by the Afrikaners, the ultimate settlers from a previous and picturesque epoch. In the folds of darker and more pristine ages they live an archaic contradiction. They are a people with a mission: they cling to the belief in predestination — which accounts for their obstinacy and fatalism — and yet they utterly reject the notion of historical determinism. They are a white African tribe tragically defending a superannuated vision of Western civilization, thereby dooming themselves and their values to extinction.

But the odds building up against them — demographic, or of blood debts if nothing else — do not face them. There is no link between cause and effect. There is no limit to their cruelty. Their God has created, hierarchically, He is terrible and wrathful. He provides, but if they do not follow His precepts, He will turn away. These believers know they can count on their allies because they are outlined against the background of a weak, corrupt Africa, because they will represent a resurgent anti-communism, because there is a reassertion of Western interests in the continent. They have allies even if they have to buy or blackmail them.

(The Anglo-African whites, by and large, squat flabbily behind the ramparts of Afrikanerdom — cowering, but profiting hugely.)

White South Africa is the regional superpower

— flexing its strength, putting into operation its "forward policy" (the step following destabilization), practicing a virulent oppression that denies basic rights to the majority in the land. It is experienced by the rest of Africa as a perennial humiliation, a foreign evil. The relative spathy and silence of Africa reflects an impotence and dependence on Western economies.

The past explanation is to blame apartheid. If that were so, redress would be simple. In Bishop Desmond Tutu's words: "Apartheid cannot be reformed, it must be dismantled." But what is apartheid? In the strictest terms, it is minority power monopoly. This is the kernel condition deemed essential by the Afrikaners for their survival. They brook no negotiation. Apartheid as racial discrimination is only the means of maintaining this desired end. The pragmatists, or "realists," are willing to jettison appearances of apartheid to retain true power.

It is equally clear that the black majority cannot settle for anything less than full participation in the political, economic and social processes, with equal privileges and responsibilities. The organized expression of unitary national consciousness has been muzzled since the early 1960s. Yet despite the white minority's best efforts — bannings, jailing, mass removals, depriving blacks of their citizenship, killing — this consciousness, resolutely anti-racist, is more alive today than ever before. In the face of what are the chances for an agreement embodying the minimum conditions acceptable to both for some form of cease-fire if not coexistence? Recently, in Washington, Elliott Abrams, outgoing assistant secretary of state for human rights, opposed an excessively somber reading of the situation.

Los Angeles Times.

## Middle East: Converging Boots Stamp Out a Glow

By Flora Lewis

PARIS — Faint glimmers of hope for Middle East peace talks have been stamped out again. A combination of continued intricate infighting among Arabs and unexpected Israeli indulgence for convicted terrorists has spoiled the climate all round.

The Israeli decision to exchange 1,150 prisoners for three captured soldiers has aggravated the situation. The problem is not the number. It is the fact that 79 of the men released were directly responsible for murder, 380 of them had been tried, convicted and sentenced to life, and 600 were freed to return to their homes in Israel proper or the occupied West Bank.

This is a change in the longstanding Israeli policy of refusing to pay terrorist blackmail. It is not a traditional exchange of prisoners of war. Understandably, the operation posed a painful moral dilemma for Israelis. "What if one of the three exchanged were my son? You have to ask yourself that," said a woman who has dedicated her life to the Jewish state since before it was founded. Yet she thought the price too high.

Lova Eliazi, the Israeli dove who

helped arrange the deal, admitted that it had embittered and polarized his compatriots, stiffening those who feel that "we have to live by the sword" and another war is inevitable. The result was a compromise that took well over a year to reach, he said, and some prisoners who had been demanded were refused release by Israel. But the mood in the country has made most people even more adamant against negotiating with any Palestinians who might be included in a Jordanian delegation.

People are saying again that "Palestinian means killer," Mr. Eliazi reported, and this would make Prime Minister Shimon Peres "even more reluctant to accept talks."

The irony is that the exchange also weakens what chance there was that Yasser Arafat, the PLO chairman, would compromise on terms for negotiations. It was concluded with Ahmed Jabril, one of the most radical Palestinians, who has strong Syrian support. It has reinforced Mr. Jabril's argument that only extremism pays.

This in turn puts pressure on King Hussein of Jordan. The Syrian foreign minister, Farouk al-Sharaa, who is in Paris, said flatly that Damascus opposed the king's accord with Mr. Arafat. Syria has been trying, with guns and politics, to take control of the PLO and force King Hussein to accept leadership from Damascus.

Mr. Sharaa as much as said that this was also the reason behind the current brutal battle at Palestinian refugee camps in Beirut, the worst since the Israeli invasion in 1982. He claimed that the fighting broke out because pro-Arafat Palestinians wanted to prove their faction's "military presence" in Beirut again and sap the standing of Abu Musa, the Palestinian the Syrians have been trying to put in Mr. Arafat's place.

The attacks on the camps were mounted by the Shiite militia group Amal, which is on good terms with Syria, but it in turn was bombarded by pro-Syrian Palestinian forces from the hills above Beirut. Fighting on various proxies, Syria is fighting on

both sides to make sure that none are in a position to challenge its will.

The timing takes advantage of the prestige Mr. Jabril gained through the prisoner exchange to make Syria's point against Mr. Arafat with fire.

Children and ordinary people of all ages are the victims of these bloody, cynical maneuvers. But they are not just pawns. The killing could not go on if there were not plenty of people to feed the flames of hatred, fear and ambition. The extremists bait each other and crush what remains of human shame and tolerance, of willingness to find a better way to live alongside one another.

In Israel, hard-liners are demanding release of Jewish terrorists who took the law into their own hands, arguing that they should not be jailed when their Palestinian counterparts are freed. This kind of equality is not morality. It is the sort of thinking that brought the disintegration of Lebanon into rival militia bands.

Arab and Israeli attitudes are linked in a macabre dance of abstract politics and real corpses. There appears to be no way to break it.

The news that West German book-sellers have awarded this year's prestigious Frankfurt peace prize to Teddy Kollek makes a startling contrast. The citation reads: "For 20 years as mayor of Jerusalem, by his daily courage, by his often unconventional decisions and by his convincing humanity, Teddy Kollek has made possible in Jerusalem the peaceful co-existence of Jews and Arabs, of Muslims, Christians and Jews."

Maybe the inevitable could be stopped. Maybe the impossible peace could come true. That, too, depends on people and what they want most, on what they mean by life.

The New York Times.

## LETTERS TO THE EDITOR

### Japan: Same Old Story

Regarding the opinion column "Isolationist Japan? Look Again" (May 10) by Daniel Bernstein:

When I first went to live in Japan I was excited to learn in the English-language press that Japanese-U.S. trade relations were "on the move." Determined efforts, in response to demands from "angry" U.S. congressmen, were to be made to tear down "unofficial" resistance to free trade. The times were changing, government and business committees were "seriously studying" this important and embarrassing question.

That was 1978. Long-term Japanese hands, people who, some of them, had arrived with the occupation forces, quietly assured me that committees had been "seriously studying" for years. In 1982, when I left, they were still at it.

Japanese public relations agencies produce endless statistics pointing to minor breakthroughs, like those cited in Mr. Bernstein's article, to explain, to console, to temporize, to sweeten,

## No Summit Until They Loosen Up

By Anthony Lewis

NEW YORK — Anatoli Shcharansky is now in his ninth year as a Soviet prisoner — the price of speaking out for the right of Jews to emigrate. Through those years his wife, Avital, has kept his name and fate before us.

Scarcely at home in Israel for more than a few days at a time, Mr. Shcharansky travels to Amsterdam and elsewhere to talk about his case. He is 34, low-voiced, plain in dress and manner. There is nothing striking about him — except the assassin's radiance of the power of his commitment. She has news about her husband on this visit, and a bitter conclusion drawn from it.

The story is worth telling for its own human sake, and for what it says about the whole problem of dealing with the Soviet Union.

Last October Mr. Shcharansky was due to be transferred from Chistopol Prison to a labor camp. There was no word from him for months. So in December his mother, Ida Milgrom, who remains in Moscow, went to the Interior Ministry to ask about him.

Remarkably, the deputy minister, Ivan T. Bogaturov, saw her and spoke kindly to her. He said he would telephone in a few days, and he did. He told Mrs. Milgrom that her son was in Camp 35, in the Urals, and that she could visit him there. She spent six days with him in mid-January.

Mr. Shcharansky told her that he had had exceptional treatment lately. When he reached the labor camp on Nov. 13 he was put in a hospital, given a weekly cardiogram and examined by a doctor — his first real medical treatment since a hunger strike in 1983 and some serious heart symptoms. (The doctor said he had narrowly missed another heart attack.) He also saw his first mail and met to eat in years.

Moreover, Mr. Shcharansky said he had been told that officials were considering his release in an amnesty. The labor camp chief said the same thing to Mrs. Milgrom. After he went home to Moscow she had five letters from her son saying how much he loved seeing the sky and birds after all the years in a small cell.

Then in March Mrs. Milgrom got two telegrams from the camp authorities saying, without explanation, that letters to and from Mr. Shcharansky had been confiscated and no more visits allowed in 1985.

Last week Mrs. Milgrom received the first letter from her son since then. It was brief and abrupt in tone. He was allowed to write only "the facts," he said, and they were that he would be allowed to write only every two months and that all visits had been canceled. He asked her to tell Avital "to remain calm as I do."

"It sounds like a letter they told him to write," Mrs. Shcharansky said. "To show he is there and not on a hunger strike. We understand from him that he is on a hard regime in the internal camp prison. The next step would be to return him to Chistopol."

"What we see from this, from all our experiences," is that they don't mean it when they hint they're going to release him. They play with him. And they reduce the world's concern for him to the lowest levels.

"Here is an innocent man, the whole world knows there is nothing to the espionage charge against him. They treat him badly, isolate him, violate their own prison rules. So the world just worries if he's alive, and it is grateful to learn that he is! It forgets that he shouldn't be there at all."

Mrs. Shcharansky then made a much more sweeping political point. Before agreeing to a summit meeting with Mikhail Gorbachev, she said, President Reagan should insist that the U.S.S.R. make a commitment to let the 400,000 Soviet Jews who want to go leave in the next four years.

"That must be done before a new page is opened in Soviet-American relations," she said. "Our desperate wish is that the U.S. government take a strong position."

My view, which I told her, is that raising the stakes so high would do no good for Soviet Jews — or for her husband. The Soviet hierarchy does not give way to such absolute conditions, as those who care about the refugees and the dissidents — the Shcharanskys and the Sakharovs — have sadly learned. The grinding way of slow, hard negotiation, and progress on many issues, is the only way.

But Avital Shcharansky is right to say, from the terrible lesson of her husband, that we cannot be satisfied with this kind of compromise. In my U.S. opinion, right, left and center, there can be no summit meeting without substantial Soviet actions on Jewish emigration and human rights.

The New York Times.

to do anything, in fact, to avoid an outright clash and a clampdown.

The charming youngsters in Yoyogi Park that Mr. Bernstein mentions, with whom I used to mix every weekend, are low-paid, uninterested in politics, undemanding. They count for nothing at all in policy-making. They buy what they find in the shops. If it isn't there, they don't buy it.

There has not been and will never be, unless we learn finally how to say "no," a breakthrough for Western goods in Japan on the scale of the Japanese breakthrough in the West.

PETER WRIGHT.

## A Negative Tax Idea

In response to "Taxing Americans Abroad" (May 16) by Robert C. Shier:

Rather than tax the working American abroad, senators should suggest a premium for our furthering of U.S. interests, the U.S. economy and our free-enterprise employers.

JOHN A. TAYLOR.

Schwalbach, West Germany.

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## The 'Holy

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No Summer  
Until They  
Loosen Up  
By Anthony Lash

ARTS / LEISURE

Orientalist Kitsch Fetches Record Prices

NEW YORK — One of Sotheby's most unlikely gambles came off Wednesday when the "Important Orientalist Paintings from the Collection Coral Petrouleau, Inc." realized \$7.1 million, leaving only three lots, valued at a negligible \$61,500, unsold.

The world record for an Orientalist painting, or not, was established when a picture by John Frederick Lewis, called "An Intercepted Correspondence" went up to \$1,265,000, including commission. It had been acquired at Christie's in London for £247,000 (then about \$500,000) five years ago, which was considered wildly overpriced then. Similar records were established for Jean-Léon Gérôme, at \$440,000 paid for a "Muezzin Calling the Believers to Prayer from the Top of a Minaret" and for Ludwig Deutsch, when "Praying in the Tomb Chamber" went up to \$115,500.

Asked how he felt about the sale, the Sotheby's expert Alexander Apsis, who did a wonderful job, could only reply: "Ecstatic." Relief was audible in his tone as Apsis conceded, in one of Sotheby's rare cases of understatement, that the sale had been "a bit of a gamble." Indeed there were reasons why the sale could have ended in disaster. The pictures had all been bought within the last eight years or so. On reading in the preface that the "collection" had been formed under the auspices of Coral Petrouleau's chairman, David B. Chalmers, one felt convinced that it was, at best, a

company investment. The "collection" gave the feel of a collective compromise with a bit of everything in it.

But overriding other considerations was the nature of the pictures. Many looked like parodies, like so much else of 19th-century academic art in general and of its so-called Orientalist sideline in particular.

Starting with "Music in the Harem" by the obscure Russian artist Vincent Stiepevich, it went on with a work of the Austrian painter Edouard Ender called "Der Liebling des Paschas" (The Pasha's Beloved) and, shortly after, veered rather abruptly to the great Romantic master Eugène Delacroix with "Chevaux sortant de l'abreuvoir" (Horses Leaving the Watering Place). The title hardly conveys the stormy atmosphere of a landscape in the Algerian highlands at sunset.

It shows a horseman wearing the

baggy trousers and waistcoat in the Turkish fashion still prevalent in the early days of the French occupation of Algeria, who is trying to steady his rearing horse while leading away another restive steed. The dim figure of a warrior, spear in hand, appears in the distance. Painted in 1857, the picture is done in nervous, vibrant strokes with more than a touch of Turner's influence, heralding the brushwork of Impressionism 15 years later. It is, in short, a remarkable work by a remarkable master, a far cry from the bland picture postcards of Stiepevich, Ender, et al.

After that the sale veered abruptly to the harsh realism of the American painter Edwin Lord Weeks. His view of "Camels Watering at a Desert Well" dated 1878, is perhaps not the greatest work of art, but it has a strong atmosphere. The whitish sand strewn with a few rocks under the intense blue sky of the Saharan desert and its pinkish

wisps of shredded clouds at dawn on a spring day, the three low wells of roughly carved stone with two camels standing by, watched by their dark-skinned driver in ragged blue robes, the silhouette of a woman crouching on the rim of a cistern as she pulls up water—all this has the appearance of a genuine document.

The contrast with the next landscape, done in 1840 by the Swiss artist Johann Jakob Frey, is extreme to the point of absurdity. "Blick aus der Römischen Wasserleitung in Thugga" (View From the Roman Aqueduct at Thugga, or Dugga, near Teboursouk, in Tunisia) is carefully composed in the neoclassical manner with all the idiosyncrasies of neoclassicism, however ill-suited to the subject matter.

The foreground, with its growth of spiky leaves and cactuses, manages to be dark against all probability in the glare of sub-Saharan sunlight, because Claude Lorrain had dark foregrounds in the 17th century and his early-19th-century French imitators decided theirs would be too. In the distance, the tiny figure of an Arab woman in white veils riding a donkey has a touch of the "Flight to Egypt" about it. A pale blue strip of sea lined by low marshy hills appears on the horizon with the remains of an aqueduct, making it the perfect exotic chocolate-box image.

Possibly feeling that he had not gone far enough in the way of artistic diversity, the "collector" had further acquired a scene of horsemen prancing in the desert by Eugène Fromentin, the French author of the Romantic novel "Domitien," who spent years painting in Algeria in a Romantic manner. He had even bought a portrait by Corot, who is hardly thought of as an Orientalist.

But this towering master of the French school had once portrayed his pupil Ernest Dumax dressed as an Algerian Arab warrior. That was a good enough reason for the "collector," even though the white silhouette, boldly sketched in quick, broad strokes of the brush, is closer to the modern vision than to the sickly detail that made up much of the collection.

In short, subject matter, not aesthetics, was the link between the paintings. They dealt with the Middle East as seen or dreamed by 19th-century Europe. There were street scenes, apartment scenes and desert scenes. In addition to the record-breaking "Call to Prayer," one had views of "Saying Prayers in the House of an Annuity Chief," "Praying at the Mosque of Qay-Bay" in Cairo, by Jean-Léon Gérôme.

The whirling dervishes carefully observed by Gérôme, followed the "scribe" fancifully depicted by the inept Deutsch, who always got his details garbled — no Middle Easterner ever threw a rug over a sofa nor held his pen in the way the gentleman does. The signature at the bottom of the picture states that it was painted in "Paris 1896," and this one can believe. The scribe stroking his beard as he looks up dreamily with one eyebrow raised has a Western, very Parisian, expression unlike any Middle Eastern mimic.

Not only has the so-called "collection" no aesthetic unity, but it does not show any concern for documentary value. How could such a motley assortment do so well? Apsis explained that "new buyers, the current obsession at Sotheby's, played a key role." "The buyer of the Lewis has never bought anything in our rooms," was his way of putting it. And it would seem to take a virgin mind, unaware of such considerations as the current prices for truly great paintings, to pay such an enormous amount for that picture. Sotheby's would not release



Lewis's "An Intercepted Correspondence" (detail).

The 'Holy Torment' of Odilon Redon

By Michael Gibson  
International Herald Tribune  
BORDEAUX — "A painter who has found his technique," Odilon Redon wrote in his journal, "does not interest me. He knows nothing of the holy torment which springs in the unconscious; he has no expectation of what is yet to be. I love that which never was."

Born in Bordeaux, raised there on the Allées Darnour (which he wrote of as "d'Amour") and later among the somewhat gloomy marshes, ponds and vineyards on the flatlands of Peyreleade, his parents' estate, Redon (1840-1916) was constantly in search, not only of his technique but also of his substance. This searching makes him admirable at times and, at times, uneven.

It also made him something of an esteemed outsider in the art of his period. He loathed the academic style and suffered briefly under Jean-Léon Gérôme at the Académie des Beaux-Arts in Paris. He admired Gustave Moreau but deplored Moreau's inability to shake off standard academic rhetoric. He disapproved of the realism of the Impressionists, which he felt did not address the real issues of art.

He followed his own singular adventure, which, seen here in its full scope, can strike one as a tremendous crescendo from the dark, dreamy anguish of his earlier work, all in black and white, to the later, luminous, coruscating pastels and oils of the later part of his career.

Bordeaux is devoting an important show to Redon at the Calcais des Beaux-Arts, with 244 works from museums and collections in Europe, the United States and Algeria.

A display of 23 works at the city museum is devoted to Rodolphe Bresdin, an equally singular artist, who gave the young Redon the

technical points and impetus he needed at the start of his career.

Redon's father had made his fortune in New Orleans before returning to settle in Bordeaux. In time the family bought a vineyard, where Redon grew up. Much later, returning there after a long absence, Redon wrote a friend: "Under a lovely light and a fine sun I went out to the Médoc in the vintage season. I am glad I did so for, living there no longer, I understood everything concerning the fatal origins of the utterly sorrowful art I produced there."

Redon's art is always strongest when he lets himself be guided by the unconscious. The result can be numinously unforgettable: the huge grinning spider in a lithograph done in 1887; a gigantic floating eyeball surrounded by rays of light, an outsized cannonball being studied by a sort of Assyrian priest — these singular visions are pure Redon in the dark vein; they refer one back to Goya and forward to Alfred Kubin.

But Redon does not have Goya's ferocious genius or Kubin's perverse and pervading sexual terror. Consequently, the tension sometimes drops abruptly and we come upon a work that is no more than a concept that did not fully come to life. The spangled eyes of some of his "elevated" figures can appear self-indulgent, and his female heads are generally problematical (except for a charming lithograph of a girl's head done in 1884) because they have neither hieratic intensity nor fleshly substance.

But Redon's work is clearly the trace of a singular spiritual adventure. The influence of Bresdin at the outset probably encouraged him in this singularity.

Bresdin, the child of a poor Breton family, lived a fiercely independent life in the service of his art that utterly kept him a pauper till his

death. During the last five years he even worked as a street sweeper in Paris. His engravings, which have more affinity with works of the German Renaissance than with anything else, are quite without precedent in French art. They are "Gothic" in the English sense of the word, being filled with lurking skeletons and little scowling monsters hidden among the branches of arbutus trees.

It was Redon's admiration for Bresdin, whom he met when he was 23, that caused him to restrict himself to black-and-white media until he was 40. (The show includes a portrait of Bresdin cast as a Rembrandian philosopher.)

But when Redon did turn to color, he did so with an intensity that was really without precedent to that day. He was already a master of the *clair-obscur*, the contrast of light and dark in charcoal drawings and lithographs. And he subsequently transposed this understanding of light to his pastels and oils.

A splendid pastel from the Woodner collection shows a deep blue boat moving across a bright green sea with a sail as luminously yellow as a mustard field in May spread overhead. The interplay of these colors and their intensity suggest that light is pouring out of the picture itself, as in a stained glass window.

Redon had a strong link of friendship with Stéphane Mallarmé, and they were even working on the illustrations of Mallarmé's "Un coup de dés jamais n'abolira le hasard" when the poet died. This, and the subject matter of his work, ties the artist into the Symbolist movement. But his highly individualistic idiom generally preserves him from the clichés one often associates with this tendency.

"Odilon Redon," *Galerie des Beaux-Arts, Bordeaux, to Sept. 1*; *Rodolphe Bresdin, Musée des Beaux-Arts, Bordeaux, to Sept. 1*.

Bordeaux also has a splendid space devoted to contemporary art in a former 19th-century warehouse known as the Entrepôt Lainé. Until Sept. 8, it offers an exhibition of recent works by Janis Kounellis (who likes to incorporate fire, in his work) and by a young Spanish painter, Miguel Barceló, who makes a witty and sometimes aesthetically persuasive use of the currently pervasive expressionist idiom and over-large format.

Viewing Barceló after Redon can be interesting, because some Redon works (his "Cactus Man" for instance) could very well be Neo-Expressionist if they were blown up to a larger scale. But largeness, with some subjects, can be irritating and destructive. Redon's "Cactus Man" is an odd vision that we are willing to consider because it comes to us in a modest format. Equally valid fantasies blown up to colossal size invite rejection because they become too self-assertive.

Barceló's paintings, despite the scale, somehow avoid this pitfall, perhaps because there is a structured intelligence at work in them.

"Kounellis and Barceló," *Entrepôt Lainé, Rue Foy, Bordeaux, to Sept. 8*.

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Cairo's Nightbirds Flock To Glittering New Disco

By Judith Miller  
New York Times Service

CAIRO — Two days after the gala opening of Regine's, Cairo's latest discotheque, Egypt's parliament voted to review the country's laws "systematically and scientifically" to eliminate those inconsistent with Islamic law.

Sharia, as the 1,300-year-old Islamic code is known, frowns on alcohol, gambling and the night-club life—all of which have helped to make Cairo the playground and religious critics contend, the vice capital of the Arab world.

But the assembly's action has done little to dampen the enthusiasm of Egyptians for night life.

"We only had about 50 Egyptian members when the club opened on May 2," Lena Banya, its public relations representative, said. "Now we have more than 100."

The club, in the El Gezira Sheraton overlooking the Nile, is the first of the chain of nightclub restaurants to open in the Arab world, and Regine cut the ribbon and sliced the cake. Regine Choukroun, who was born in Belgium and is Jewish, said she had achieved her ambition to become "an international person."

Egyptians say Mustafa Abu al-sha, the Palestinian-born owner of the club, paid 300,000 Egyptian pounds, or about \$360,000, for the use of Regine's name.

This is one of the few Arab capitals where such a club could exist, given the growth of Moslem fundamentalism and curbs on the sale of alcohol.

Many guests predicted that Egypt would never adopt Sharia. "It's simply not Egyptian," said one Cairene in an Islamic-style jeweled headscarf.

But last week an Egyptian judge approved the confiscation of 3,000 copies of an unexpurgated edition of "A Thousand and One Nights" on the ground that the classic contained obscene passages.

Regine's gala was postponed at least three times, Egyptians said, while the Panamanian-registered company battled Egyptian customs, which delayed the importation of the strobe lights and stereo sound system.

The club is a masterpiece of disco art. The ceiling is composed of small squares of mirror tiles, and a giant revolving mirrored strobe light hangs above the dance floor. The deep blue velvet chairs and banquettes provide a view of the dance floor and the Nile.

Egyptian women in tight sequined gowns with un-Islamic de-

coltage danced to the music of Michael Jackson, Tina Turner and Madonna. For the men, dress was black tie, or as the invitation suggested, "evening elegance."

An Egyptian cabinet member attended, but he asked that his name not be published. A member of the Moslem Brotherhood, the Islamic fundamentalist political party that is advocating the adoption of Sharia in Egypt, held watch outside.

He scowled at the bare backs and exposed knees. "These people don't belong in Egypt," he complained. "This is decadent."

Decadence in Egypt is expensive. Membership in the club costs 1,500 Egyptian pounds, three times what the average Egyptian makes a year.

The opening-night guests included Iman, a blond actress known for her portrayals of the seductive woman who temporarily steals husbands from devoted but less attractive wives. "It's a wonderful addition to our night life," cooed Iman, whose real name is Louise Sarkis.

None of the more than 25 celebrities invited to the opening, among them Ursula Andress, John Travolta, Brooke Shields and Julio Iglesias, showed up. But the club assembled eight of what it called the "most beautiful women in the world."

Among them was Miss Egypt, who was Miss World of 1954 and who declined to give her age. She was delighted to be back.

"I'm married and live in Rome," said Antigone Costanda, an Alexandria-born beauty of Greek origin, adding with a sigh, "It's nice to see a little of the old zest and gaiety back in Cairo again."

Dutch Museum to Show Rembrandt Drawings

AMSTERDAM — Fifty Rembrandt drawings that have not been shown to the public for as long as 100 years are to be displayed at the Rijksmuseum here next month. The works are among 60 drawings by the 17th-century painter that the museum acquired over the last century, and date from every major period of his life. They illustrate his experimentation with various techniques and media, including pencil, charcoal and pen, and include a study for his painting "The Syndics: The Sampling of the Amsterdam Drapers Guild," which hangs in the Rijksmuseum.

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Vol.	High	Low	Last	Chg.	
Dow Jones	1,301.97	1,299.00	1,301.97	+2.97	
IBM	112.00	111.00	112.00	+1.00	
AT&T	48.00	47.00	48.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	

NYSE Index					
Open	High	Low	Last	Chg.	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	
1,299.00	1,301.97	1,299.00	1,301.97	+2.97	

Friday's  
**NYSE**  
Closing

Vol. of 4 P.M. 65,974,000  
Prev. 4 P.M. vol. 101,000,000  
Prev. consolidated close 119,491,360

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.  
Via The Associated Press

AMEX Diaries					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

NASDAQ Index					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	
Amgen	110.00	109.00	110.00	+1.00	

Dow Jones Bond Averages					
Class	Prev.	Chg.			
Govt	11.00	+1.00			
Corp	11.00	+1.00			
Indus	11.00	+1.00			
Govt	11.00	+1.00			
Corp	11.00	+1.00			
Indus	11.00	+1.00			
Govt	11.00	+1.00			
Corp	11.00	+1.00			
Indus	11.00	+1.00			

NYSE Diaries					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

Odd-Lot Trading in N.Y.					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

Standard & Poor's Index					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

AMEX Sales					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

AMEX Stock Index					
Class	Prev.	Chg.			
Advanced	11.00	+1.00			
Declined	11.00	-1.00			
Unchanged	11.00	0.00			
Total	11.00	0.00			
Volume	11.00	0.00			
Value	11.00	0.00			

## NYSE Prices Stage Modest Rally

NEW YORK — Prices on the New York Stock Exchange rebounded Friday from the declines of the past couple of sessions with a modest rally, aided by declining interest rates. Trading slowed on the eve of the long Memorial Day weekend in the United States.

The Dow Jones average of 30 industrials rose 2.97 to 1,301.97, stretching its gain for the week to 16.63 points.

Volume on the New York Stock Exchange dropped off to 85.97 million shares from 101 million Thursday.

Standard & Poor's index of 400 industrials rose .70 to 208.74, and S&P's 500-stock composite index was up .69 at 188.29. The NASDAQ composite index for the over-the-counter market slipped .01 to 292.14.

Interest rates moved lower in the credit markets Friday. Prices of long-term government bonds, which rise when rates fall, gained about \$5 for every \$1,000 in face value.

Falling rates have been cited as a primary force behind the month-long rally in stock prices that carried the market to record highs early in the past week.

Otherwise, analysts said that investors generally were in no rush to make commitments with several unsettled questions on their minds.

Congress's work on a measure to narrow the U.S. budget deficit is about to enter its most important stage, with a conference committee tackling the task of reconciling bills from the House and Senate.

Next Tuesday, President Ronald Reagan is scheduled to make a formal presentation of his revised plan for tax reform. Many details of the proposal have already surfaced, but it remains

to be seen what reception the package will get from Congress and the public.

Brokers also said that trading activity was reduced a bit as some market participants got an early start on the Memorial Day weekend. The markets will be closed Monday in observance of the holiday.

"There were no real surprises today," said Trude Latimer of Evans & Co. "The market acted perfectly normally for a pre-holiday day."

David Polen, an investment adviser, said, "Today didn't really show anything about the direction of the market." He said that the stocks made their upward move in reaction to interest rate cuts and now "we need further positive events to stimulate the market."

"All eyes will now be focused on the economy and the political process surrounding the federal budget," Mr. Polen said. But for stocks to react positively, a deficit cut of \$75 billion or more is required, he said.

Uplifted 1 1/2 to 110 1/4. The stock has been rising sharply of late amid excitement on Wall Street over a drug for which the company is seeking regulatory approval to sell as a treatment for baldness.

Separately, the company said that the Food and Drug Administration had given it approval to question another drug, for treatment of arthritis, in an increased tablet strength.

SmithKline Beckman, which said it got FDA clearance to market a new anti-arthritis drug, gained 2 1/2 to 70.

Airline stocks were generally strong, led by UAL, up 2 1/2 to 49. The company, which is engaged in talks seeking to end a pilots' strike, said it could not explain the activity in its shares. (AP, Reuters)

12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		

12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		

12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE	12 Month	High	Low	Stock	Div.	Yld.	PE
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
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1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		

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1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
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1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97			1,301.97	1,299.00	1,299.00	1,301.97	+2.97		
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# JORDAN

A SPECIAL REPORT

SATURDAY-SUNDAY, MAY 25-26, 1985

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## U.S. Shifts Role in Bid For Peace In Region

By Bernard Gwertzman

WASHINGTON — Once more there is talk of bringing peace to the Middle East, and once more Jordan and the United States are involved in drawn-out discussions about what to do next. This has been happening intermittently for 18 years. And, understandably, there is considerable skepticism in the United States and in the region that anything will come of the latest effort.

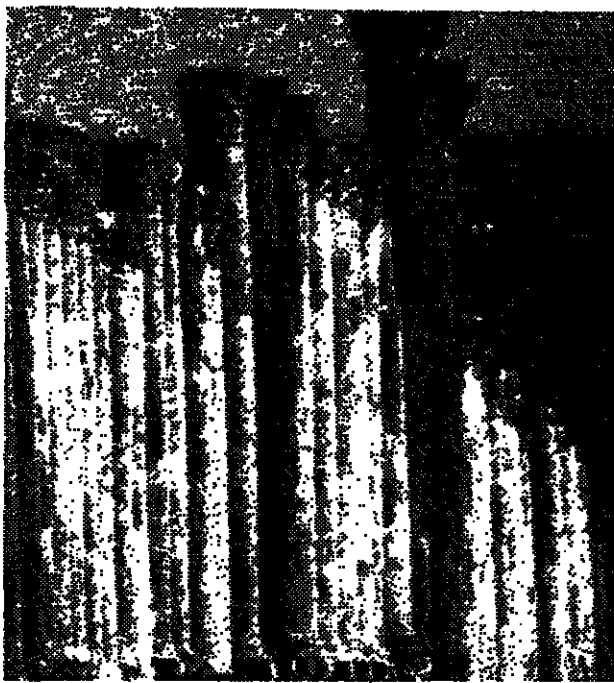
What makes this set of discussions different, however, from the abortive efforts of the past is that for the first time, King Hussein of Jordan, in collaboration, albeit uncertain, with Yasser Arafat, the leader of the "moderate" wing of the Palestine Liberation Organization, has taken the initiative. The United States, rather than serving as a catalyst in the Middle East, now is reacting.

And it is reacting with exceeding caution. Having been frustrated so often in the past, most recently a year ago, when King Hussein erupted in anger at Washington, and two years ago when the king gave up on peace talks when Mr. Arafat altered his position at the eleventh hour, the Reagan administration is wary of the Hussein-Arafat set of proposals.

Secretary of State George P. Shultz, who is charged with following up on the plan, in particular seems less than enthused by the Jordan-PLO approach to the peace effort. On a recent trip to the Middle East where he spent several hours with King Hussein in the port city of Aqaba, Mr. Shultz asserted that there was a "genuine sense of movement" in the region, but also many "hard problems" to solve. King Hussein, who was to visit President Reagan on May 29, while in the United States to see his son graduate from Brown University in Providence, Rhode Island, has been pressing Washington to be more supportive.

"For the first time since Israel invaded and captured the West Bank, including East Jerusalem, Gaza and the Golan Heights, 18 years ago, there exists an unprecedented opportunity for the parties involved to reactivate the peace process, based on the return of territory in exchange for peace," King Hussein told an Arab-American group on May 4 in a speech delivered via satellite. "This opportunity should not be missed. It is an opportunity that I know will never come again, if we fail now."

There is, of course, a very special relationship between King Hussein and the United States not shared by any other leader in the Middle East. All the other heads of state who ruled in the Middle East at the time of the 1967 Arab-Israeli war have passed from the scene. And one, King Hussein still relives (Continued on Page 10)



From left, a brick and tile factory near Amman, workers atop a cement factory in Rashadiya, and columns at the Roman city of Jerash. Articles inside.

## Despite Drop in Reserves, Economy Keeps Its Balance

By Alan Mackie

AMMAN — It is difficult, driving through the prosperous suburbs of Amman, to imagine Jordan in the throes of a financial crisis. But by any normal criteria it is — and in a major one too.

Since the beginning of the year, the Central Bank's reserves have halved to less than two months of exports — a situation that would have most countries raising interest rates, imposing exchange controls and, at the least, calling in the International Monetary Fund.

But Jordan's situation is anomalous. The economy has survived in a state of irregular equilibrium for so many years now, supporting a chronic trade deficit balanced more or less by inflows of Arab aid and workers' remittances, and caught too, between the political and military maneuverings of Israel and Syria and the changing kaleidoscope of inter-Arab politics, that setbacks tend to be taken for granted, while its international credit has remained good. The foreign public debt is no more than \$2 billion, with no commercial borrowing, and the debt-service ratio is an acceptable 21 percent. The international community is not going to get worried until that credit is exhausted.

There were special circumstances that created the run on reserves. Payments for military equipment and other imports were "bunched" with no compensatory receipts. But most importantly, a \$125-million export credit arranged with Iraq was run up to \$190 million, and Baghdad was slow in honoring it. The situation has eased now with the deliveries of Iraqi oil to the Zarqa refinery, but it placed an acute strain on the Central Bank's reserves, which fell by a total of \$317 million in February and March to \$370 million — and further still in April.

However, the reserves benefited from a \$56-million IMF standby facility and a \$70-million bridging loan from the Amman-based Arab Bank.

A \$200-million syndicated loan is being arranged by the Arab Bank, which will in part repay its bridging loan.

However, at best it is a breathing space. Local banking sources estimate that Jordan would have no difficulty raising another \$200 million on the Eurodollar market next year, and it could still make further drawings on the IMF. But another large military loan is believed to be in the offing.

The financial crisis has been exacerbated by the failure of the Gulf states to honor their pledges made at the 1978 Baghdad summit meeting. Arab aid has dwindled from a promised \$1.2 billion to \$500 million, with only Saudi Arabia honoring its commitment in full and Kuwait in part. Last year Qatar and the United Arab Emirates failed to meet their commitment.

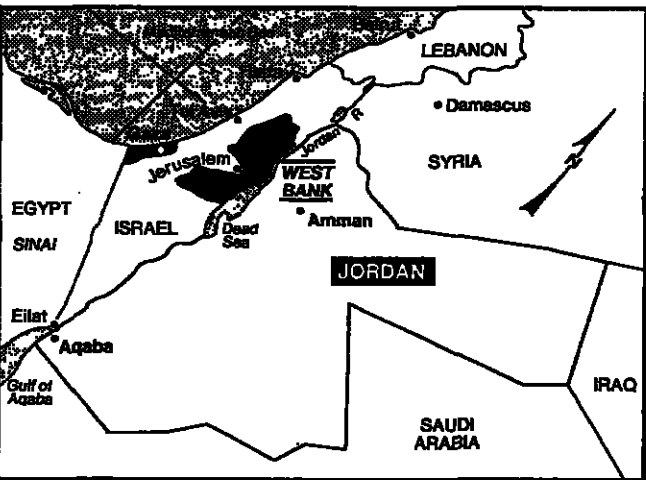
Remittances have kept up well, at \$2 billion a year (roughly split between transfers through the banking system and cash) but their composition is changing. They have been maintained by imaginative new incentives to attract savings of those returning for good. But the numbers of Jordanians finding work abroad is diminishing.

Largely because of a recovery in phosphate sales and a good export performance by the manufacturing sector, the trade deficit dropped 17 percent in 1984 to \$2.03 billion.

Largely because of a growth in phosphate sales and a good export performance by the manufacturing sector, principally because of a recovery in exports to Iraq, the trade deficit dropped 17 percent in 1984 to \$2.03 billion. Considering the

high priority being given to export promotion and the encouraging short-term outlook for phosphate markets, the prospects for further improvements in export are good. But exports, at \$756 million, are a fraction of imports. Containing the import bill at \$2.79 billion last year was only achieved by falls in capital goods and raw-material imports.

As things were, something had to give. The government could not stimulate the economy without embarking in earnest on deficit financing and dragging itself further into ownership and control of the economy. For a country where 70 to 80 percent of government expenditure translates into imports, this



The New York Times

course was a recipe for disaster. As it was, the creeping nationalization of the past six years — when the government consciously took the lead in promoting development — had left the economy increasingly

dependent on state finance and at the mercy of public-sector empire builders. It had reached the stage where the worst offender, the Ministry of Supply, had considered nationalization. (Continued on Page 9)

## Aqaba Expands as Resort and Trade Hub

Reconciling and balancing interests and activities of tourism, industry and commerce along a coastline of only 27 kilometers requires careful planning...

By Anne Counsell

AQABA — The once-sleepy fishing port of Aqaba at the southernmost tip of Jordan became a focal point this month when U.S. Secretary of State George P. Shultz arrived for talks with King Hussein on Middle East peace. On April 26, the flags were out for the inauguration of a ferry-boat link between Aqaba and the Egyptian port of Nuweiba in Sinai when King Hussein, Sultan Qaboos of Oman and President Hosni Mubarak of Egypt converged in the port city for the opening ceremony and a tripartite summit meeting.

However, long-term development plans aim to ensure that Aqaba is more widely recognized and well-known for reasons other than periodic meetings. The Aqaba Region Authority, an umbrella for the social and economic development of the area, has recently drawn up a 380-million-dinar (\$1-billion) five-year plan to promote the Red Sea

port as a tourist resort as well as industrial and trade center. This figure, which is equal to the amount invested in Aqaba in the past 30 years, indicates just how much importance is being placed on developing the region's potential.

The task of reconciling and balancing the diverse interests and activities of tourism, industry and commerce along a coastline of only 27 kilometers (16.2 miles) requires careful planning and rational expansion. This task was designated to the Region Authority when it was established in January 1984 as part of a government move toward decentralization. In effect, the authority is an "experiment" in socio-economic development and, if successful, could lead to other similar regional authorities that would relieve central government of much detailed paperwork.

The authority's president, Mohammed Said (Continued on Page 11)

## Hussein Makes The Rounds for Peace Effort

By Julian Nundy

AMMAN — King Hussein, who acceded to the Jordanian throne 35 years ago this month, has marked the anniversary with a hectic diplomatic round to give new impetus to Middle East peace moves.

The eventual aim is to obtain self-determination and a homeland for the Palestinian people in exchange for peace with Israel.

The king, who is due to meet with President Ronald Reagan in Washington on May 29, has been touring the Arab world to explain his view that a recent accord between Jordan and the Palestine Liberation Organization on a joint peace strategy is the region's "last chance."

The agreement was reached on February 11 after two years of attempts to work out a common strategy to respond to President Reagan's proposal of September 1982 — rejected by Israel — for a degree of Palestinian autonomy under Jordanian guarantees.

King Hussein, in addition to his Arab and Washington visits, is to go to London. The PLO chairman, Yasser Arafat, recently headed a Jordanian-Palestinian delegation to China. Other PLO and Jordanian envoys are visiting the Soviet Union and France.

Jordanian officials stress that there are a few rays of hope in the Middle East these days, although the major obstacles to a settlement remain seemingly unsurmountable. But they also emphasize that they view evidence of quick progress to be essential if the region is not to undergo a destructive phase of radicalization, bringing new acts of terrorism in its wake.

King Hussein, who has had to deal with the loss of the West Bank of the Jordan to Israel in the 1967 Middle East war and with a civil war in 1970 against the PLO, has, nevertheless, managed to build a stable, orderly society, becoming probably the most respected spokesman for Arab moderation in Western eyes.

His country has been among those that have taken the brunt of the Middle East conflict, and some 60 percent of its estimated 2.5 million citizens are of Palestinian stock. These factors put Jordan in a uniquely central position in the Arab-Israeli dispute.

In addition, the king has repeatedly stressed his friendship for the United States and its Western allies, despite many differences of opinion over the interpretation of regional developments and a U.S. reluctance to sell Jordan sophisticated military equipment to match that sold to Israel.

But impatience with wholehearted U.S. support for Israel has been making itself increasingly felt in Jordan and elsewhere in the Arab world.

"How can you have confidence in the United States when your enemy is being armed and you are denied arms of similar importance?" a senior Jordanian official asked. "The Americans say 'we shall not give arms until Jordan sits at the peace table.' What table?"

The main stumbling block in the way of the Jordanian-PLO plan is who would represent the Palestinians living on the occupied West Bank and Gaza Strip.

For the Arabs, there is no doubt. (Continued on Next Page)



At Aqaba's port, room for swimmers and freighters.

Established May 21, 1938  
Telephone: 660115, 660130

## Arab Bank Ltd.

SHMEISANI, P.O. Box 950544, 950545, Amman, Jordan Cable: BANKARAH Codes: Peterson's 4th Edition

Commercial Bank  
Telex: 23091 — 23092

Arab Bank Limited Group - Balance Sheet as of 31 December 1984					
	31/12/1984 US\$	31/12/1983 US\$		31/12/1984 US\$	31/12/1983 US\$
<b>Assets</b>			<b>Liabilities</b>		
Cash in hand and at banks	7,477,416,230	7,480,085,117	Deposits and other accounts	10,095,459,757	9,858,935,795
Items in transit	9,906,122	—	Items in transit	—	1,858,694
Securities and investments	457,778,917	397,450,781	Acceptances	44,171,163	43,435,355
Investments in associated companies	156,039,936	123,949,214	Dividends proposed	*19,045,125	20,767,300
Bills discounted	188,963,271	194,851,284	<b>Total Liabilities</b>	10,158,676,045	9,924,997,114
Loans to customers	2,114,723,590	1,976,043,687	<b>Shareholders' Equity</b>		
Bank premises	27,898,826	33,658,068	Capital	*64,506,444	72,030,212
Furniture & equipment	26,618,917	25,223,721	Statutory reserve	52,324,648	50,629,168
Customers' liability on acceptances	44,171,163	43,435,355	General reserve	146,719,481	141,653,315
Other Assets	128,525,900	95,382,678	Voluntary reserve	55,552,500	47,174,197
<b>Total Assets</b>	10,632,042,872	10,370,079,905	Retained earnings	41,872,322	39,877,472
Customers' Liability on guarantees and letters of credit	1,778,929,001	1,974,846,067	Reserves with associated companies	112,391,432	93,718,427
			<b>Total Shareholders' Equity</b>	473,366,827	445,082,791
			<b>Total Liabilities and Shareholders' Equity</b>	10,632,042,872	10,370,079,905
			Guarantees and letters of credit	1,778,929,001	1,974,846,067
<b>Total</b>	12,410,971,873	12,344,925,972	<b>Total</b>	12,410,971,873	12,344,925,972

\* Decreases in the 1984 figures are apparent. They resulted from the rise in the dollar value against all other currencies.

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### Notes to Group Accounts

Group accounts prepared for the year 1984 deal with the accounts of Arab Bank Ltd., its subsidiaries and associated companies. The accounts of the Arab Bank (Switzerland) Ltd., a Swiss Company wholly owned by shareholders of Arab Bank Ltd., are also included. In the Group accounts intercompany transactions have been eliminated, while investments in associated companies (20% to 50% ownership interest) are carried following the equity method of accounting.

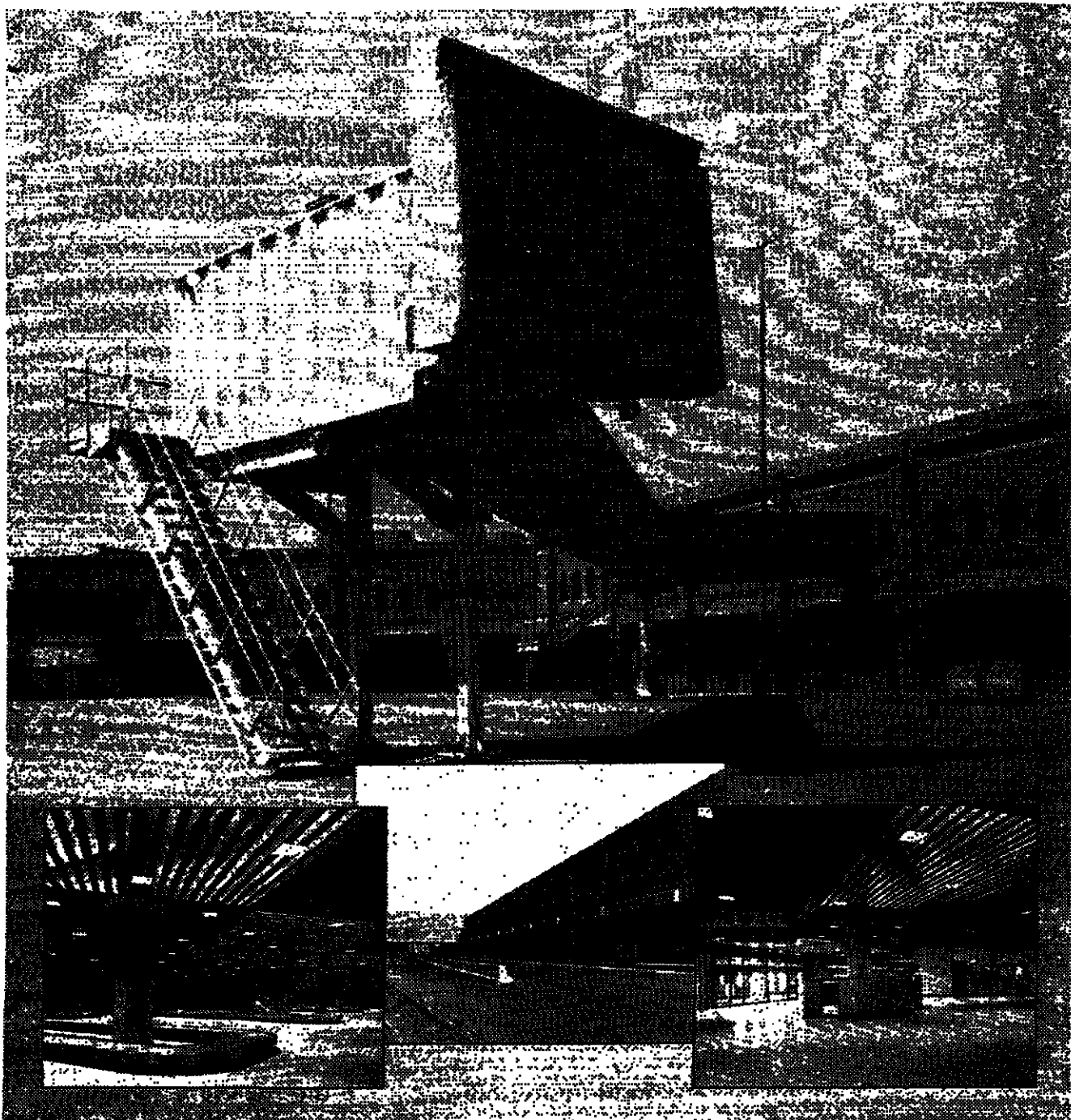
The main entities involved in the group accounts in addition to Arab Bank Ltd. are the following:  
— Arab Bank (Switzerland) Ltd. — wholly owned by shareholders of Arab Bank Ltd.  
— Arab Bank Investment Co. Ltd., London — wholly owned subsidiary.  
— Arab Tunisian Bank — 62.4% owned by Arab Bank Ltd.

Associated companies	Percentage Ownership
Arab Bank Maroc	50
Oman Arab Bank	49
Arab National Bank - Saudi Arabia	40
Nigeria - Arab Bank Ltd.	40
UBAE Arab German Bank	37.45
Arabia Insurance Co.	36.67

The appropriation account relates to Arab Bank Ltd., as no appropriation has yet been decided with respect to the accounts of other entities included. Exchange rates prevailing at year end have been used to translate balances denominated in various currencies to Jordanian Dinars and US Dollars.

Profit and Loss Account for the year 1984		
	1984 US\$	1983 US\$
Operation income	974,327,897	861,374,384
Interest income	877,829,407	757,338,312
Less: Interest paid	96,508,490	104,016,072
Net interest	36,890,301	34,737,319
Commissions	31,893,353	26,703,004
Difference on exchange	54,912,763	36,058,686
Other income	220,033,907	188,815,061
<b>Total Income</b>	<b>1,223,030,824</b>	<b>1,107,955,063</b>
Expenses		
Salaries	82,190,088	53,358,037
Depreciation of premises and equipment	5,179,301	4,321,154
Taxes	23,278,337	15,988,008
General expenses and provisions	74,382,272	62,416,782
<b>Total Expenses</b>	<b>165,030,008</b>	<b>136,083,981</b>
Net profit before appropriation	1,057,999,816	971,871,082
Retained earnings brought forward	31,570,826	25,543,108
<b>Total</b>	<b>1,089,570,642</b>	<b>997,414,190</b>
Deduct appropriations:		
Transfer to statutory reserve	8,049,050	6,087,000
Transfer to general reserve	17,283,000	16,152,000
Transfer to voluntary reserve	12,345,000	12,121,874
Dividends proposed	19,011,300	20,728,430
Directors' remuneration	33,823	60,474
Retained earnings carried forward	41,872,322	39,877,472





A SPECIAL REPORT ON JORDAN

The Parliament building in Amman; inset, members of Parliament in session.

## Parliament Back in Action After Decade

AMMAN — When Prime Minister Zaid Rifai was named to head a new government last month, he had to face a parliamentary vote of confidence preceded by 12 hours of debate. The occasion was evidence of a return to normal parliamentary practice in Jordan after a lull of 10 years.

But, while the lower house of the national assembly resumed its activities last year, the return to a parliamentary system so far seems to be little more than symbolic. "People put a lot of hope in the recall of parliament," a senior Jordanian official remarked. "But in reality it has changed very little."

The 60-member lower house was suspended in 1974 when the Arab League, at a summit meeting in Rabat, Morocco, recognized the Palestine Liberation Organization as the sole legitimate representative of the Palestinian people.

The Rabat resolution put the Jordanian parliament in an awkward situation. Half of the lower house's members represented constituencies in the Israeli-occupied West Bank of the Jordan whose fate, in Arab eyes, had become the responsibility of the PLO and no longer of Jordan.

The members had won their seats for a four-year term at direct elections in 1967 — just two months before the Arab-Israeli war leading to Israel's conquest of the West Bank.

King Hussein then suspended the house and, three years later, replaced it with a National Consultative Council, whose members he appointed in its place. Members of the upper house of parliament, or senate, also are appointed by the king.

But, over the years, six West Bank and eight East Bank lower house seats fell vacant as their incumbents died.

"Parliament's members began to decrease and fears grew that there was no constitutional action possible to redress the balance," said Ahmed al-Lawzi, speaker of the senate and a former Jordanian prime minister.

The dilemma was resolved in January 1984, when King Hussein issued a royal decree calling both houses into session and disbanding the Consultative Council.

Parliament then amended the constitution to authorize by-elections in the five East Bank

provinces. The 54 deputies were then given the task of appointing six new members from the West Bank.

Mr. Lawzi stressed that competition for the vacant West Bank seats was intense, with as many as 30 candidates for one of them.

"The West Bank was occupied; it was impossible to hold elections there," Mr. Lawzi said. "But excluding it from parliament would serve the interests of the occupiers."

Mr. Lawzi and other officials said that the appointment of West Bank members did not detract from Jordan's recognition of the PLO's authority over West Bank Palestinians.

One Jordanian official, himself from the West Bank, said: "They are representatives from the West Bank, not of the West Bank."

At the time of King Hussein's move to reconvene parliament, political analysts speculated that he had done so mainly to enable Jordan to take the initiative toward a peaceful settlement of the Middle East conflict.

In 1983, talks between the PLO and Jordan to find a common negotiating position broke down, leaving the two main Arab participants in any future peace moves without a coordinated policy.

Political observers viewed the king's decision to reconvene parliament as a means of gaining support from West Bank and Gaza Palestinians.

Such moves were denied by the then prime minister, Mudar Badran, who said that the recall of parliament was purely an internal move to revive democratic institutions of the East Bank.

If King Hussein ever did have such plans, they are presumably now in abeyance, since he and the PLO chairman, Yasser Arafat, signed an accord on February 11 this year establishing a joint position on peace negotiations.

At the time of parliament's recall, two possibilities were offered for eventual general elections. One, considered the more likely at the time, was for general elections throughout the East Bank within one year. The other was for parliament to serve a full four-year term until January 1988 before a new poll.

Mr. Lawzi said this month that the parliament would not seek to renew its mandate until it had sat for four years.

The by-elections that followed the recall were

Jordan's first elections to a national institution for nearly 17 years.

For the first time, women were able to vote and 43 percent of the electorate turned out.

Political parties were not allowed, but Mr. Lawzi said, the field of candidates simply represented Jordan's "political trends."

In three of the eight seats, Moslem Fundamentalists scored victories, and an Arab Nationalist, inspired by the ideas of the late Egyptian leader Gamal Abdel Nasser, won a fourth.

When Mr. Rifai, a proponent of free enterprise, faced his confidence vote on April 29, five Moslem Fundamentalists and one Arab Nationalist voted against his government's program.

Six other members were absent, which left Mr. Rifai with 48 votes in favor.

One intervention against Mr. Rifai came from Riad Nawayseh, who, according to the official Jordanian news agency, Petra, "criticized the Jordanian-Palestinian accord and the peaceful settlement issue. He asked for relations with the Islamic and nonaligned nations to be bolstered and for a reconsideration of relations with Western states, according to their attitudes toward our cause."

Mr. Nawayseh, the agency added, also requested "that the security forces confine themselves to serving the public and the homeland."

The Jordanian national assembly is, Mr. Lawzi said, the country's "third authority" — after the monarchy and the cabinet.

It functions in a classic parliamentary fashion. Laws may be proposed by the government or by individual members of parliament. Once drafted, they go before the relevant parliamentary committee, such as the finance or foreign affairs committee. The committee then makes a recommendation to the lower house as to whether it thinks parliament should accept, reject or amend the draft.

Once a law has passed the lower house, it is sent to the upper house. If the upper house disagrees with the lower house or wishes to make further amendments, a joint session of both houses is held. A draft can then only be voted into law if the joint sitting approves it with a two-thirds majority.

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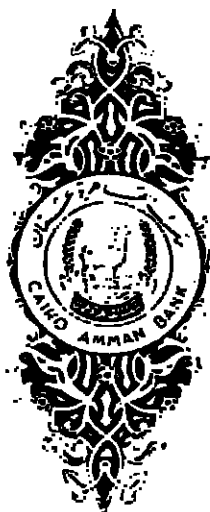
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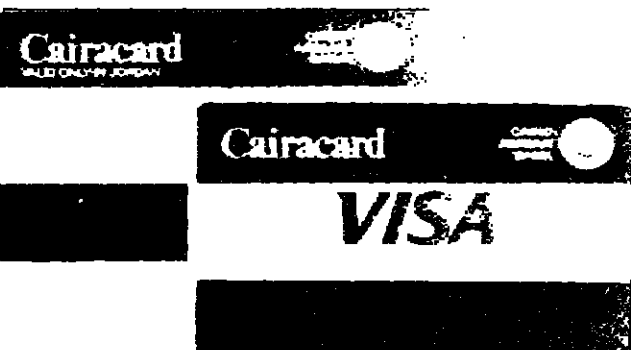
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## Hussein Makes Rounds for Peace Effort

(Continued From Previous Page)

The PLO was recognized by an Arab League summit meeting in Rabat, Morocco, in 1974 as the sole legitimate representative of the Palestinian people.

Israel steadfastly refuses to deal with the PLO until it explicitly recognizes the Jewish state's right to exist. Former Secretary of State Henry A. Kissinger promised Israel in 1975 that the United States also would never deal with the PLO until it recognized Israel's right to exist, renounced terrorism and accepted the Security Council resolutions 242 and 338 on the Middle East.

The main thrust of current Jordanian moves is to persuade the United States to soften this stand and at least be willing to deal with Palestinian personalities that Mr. Arafat feels can represent his ideas.

"Why is this statement of our friend Kissinger so sacrosanct?" asked an official at Prime Minister Zaid Rifai's office. "It took Mr. Kissinger a year of secret negotiations in Paris with the Vietnamese to get peace under way. And the United States was really at war with them. I don't see why it [the United States] shouldn't be able to talk with the PLO."

Jordan restored diplomatic ties with Cairo last September after a five-year break over Egypt's peace with Israel. Jordanian officials say that President Hosni Mubarak is pushing King Hussein to deal with the Americans in the hope of finding a way to a peace conference through Washington.

For this to work, any Palestinian delegates to talks with the United States must be interlocutors who have not incurred Israeli odium.

One suggestion has been to talk to members of the Palestinian National Council, the Palestinians' parliament-in-exile, some of whom are not in the PLO itself.

Israel's reaction has not been clear. Members of Foreign Minister Yitzhak Shamir's Likud faction have rejected the possibility of outright, while Prime Minister Shimon

Peres's labor alignment has been more flexible.

U.S. diplomats in Amman stress what they consider is the independence of the council from the PLO, and other Western officials point out that the United States has dealt with some of its members for years.

A number of council members, such as Edward Said, professor of English literature at Columbia University, hold U.S. nationality, which could smooth some diplomatic wrinkles. Even if the United States does sit down with Palestinian representatives, however, Jordanian officials point out that it will only be for talks about talks, not for the start of actual peace negotiations.

"There's no peace process, only

many who used to believe in a peaceful approach."

Another official described the problem as "the charisma of violence." "When you are on the road to despair, it breeds a warped and terrorist mind," he said.

Information Minister Mohammed al-Katib said that the PLO was originally only a political movement at its foundation in 1964. The creation of El-Fatah and other guerrilla groups came later. Since its defeat during the Israeli invasion of Lebanon in 1982, the PLO was once more trying a political approach, he said.

"If we lose this chance, the PLO will try again to be more than a political movement; maybe it will

Some diplomats in Amman still express guarded optimism. One, whose brief is to watch the PLO, predicted that there would be tangible progress by October.

ideas for one," one official said.

Few Jordanians or Western diplomats in Amman venture much hope of the Hussein initiative making far-reaching progress and most Jordanian officials reply that they are "hopeful but not optimistic" when questioned about it.

But they profess to understand why the king has chosen this moment to press ahead. "If it does not work, it means that the option of peace is finished," said Adnan Abu Odeh, a senior adviser to the royal court. "That does not mean that the option of war will follow, but the option of chaos and anarchy."

The fear behind such words is that popular frustration with years of stagnation in the Middle East will translate into a violent backlash. The example of Israel's modern well-trained army pulling out of Lebanon after being harassed by poorly equipped, ill-trained militias is frequently cited.

"South Lebanon has inflamed some young West Bankers," Mr. Abu Odeh said. "It has influenced

be worse than over the last 20 years," he said.

In assessing the chances of King Hussein's initiative, officials point to a number of factors that they say could have a positive influence. As far as Israel is concerned, the positive aspects in Jordanian eyes are headed by the presence of Mr. Peres as prime minister. His approach is less confrontational and more conciliatory than that of his Likud predecessors, Mr. Shimon and Menachem Begin, Jordanian sources say.

In addition, the war in Lebanon gave the Israeli army the impression that it was "fighting a people, not regular armies," Mr. Abu Odeh said, giving Israelis a new view of regional realities.

Other elements considered favorable are the renewal of the U.S.-Soviet dialogue, with its tendency to ease tensions all over the world, and the "beginning of understanding among the higher U.S. echelons of the underlying potential danger

to their interests of the no-war-no-peace situation," Mr. Abu Odeh said.

But the unfavorable aspects noted by Jordanian officials are formidable. They included the composition of the Israeli cabinet, equally divided between Labor and Likud. They said the presence of rightist Likud ministers would hamper any efforts by Labor to move toward the negotiating table.

Another major problem is the radical approach adopted by Syria, which is at loggerheads with both King Hussein and Mr. Arafat.

When the king invited Mr. Rifai, a former prime minister, to return to head the government last month, many observers saw the appointment as a sign that Jordan was willing to repair its poor relations with Syria. Mr. Rifai is known to have kept cordial relations with the Damascus leadership, but both Jordanians and foreigners in Amman say that there has been no sign of any overture to Syria since he returned to the government.

There is little doubt that Syria, which sabotaged the Lebanese accord on Israeli withdrawal from Lebanon two years ago, would do its utmost to upset any initiative toward an overall Middle East settlement that did not include it as a full partner.

Publicly, both Jordan and the PLO insist that any solution must be global and, therefore, must include Syria. They say that the eventual aim would be to convene a peace conference under the auspices of the United Nations Security Council.

Some diplomats in Amman still express guarded optimism. One, whose brief is to watch the PLO, predicted that there would be tangible progress by October. But even tangible progress could hardly be more than a slight advance on a very long road.

Whatever the outcome, King Hussein has committed himself to the process, putting Jordan on the center-stage of Middle East diplomacy in what he feels is a make-or-break effort to preserve Arab moderation.

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## Banking Sector Awaits Upturn In the Economy

By Iain Jenkins

LONDON.—The Jordanian banking sector is being hit by the slowdown of the economy and Central Bank regulations that are biting into lending margins. This was reflected by a sharp fall in profits for nearly all the banks in 1984, which is expected to be repeated this year.

At the same time, uncertainty about the regulations affecting foreign banks following the scrapping of indigenous banking is unsettling many bankers. But it is hoped that the new government of Prime Minister Zaid Rifai will lift the economy and assist the strained banking system.

The dip in economic growth to 4 percent in 1984, compared with 8 percent for the past decade, has seriously reduced banking activity and eroded profits. Only the largest local bank, Arab Bank, substantially increased profits in 1984 and this was largely due to exceptionally high provisions in 1983.

The profits of the other eight Jordanian banks fell by 12 percent to 13.3 million dinars (\$34 million) in 1984, and the seven smaller international banks recorded an 13-percent slide in profits, to 3.1 million dinars. And Grindlays Bank made a sizable loss for the second year running.

Bankers blame the Iran-Iraq war and the fall in official aid from the rich Gulf Arab states for the economic downturn. On top of this, remittances from Jordanians working in the Gulf have fallen sharply. This has cut the growth of bank deposits as well as affecting the economy.

The rigid interest-rate structure, which has reduced lending margins to only 14 percent, has contributed to the difficulties facing bankers. Central Bank restrictions place a 10-percent ceiling on bank lending at the same time as increasing the costs of funds by setting a minimum rate for deposits of 84 percent.

Michel Mato, deputy general manager of the Bank of Jordan, said: "The interest-rate system means that banks cannot distinguish between top-quality borrowers and high-risk borrowers." He added that he would like to see a slackening of interest rates.

Mohammad Said Nabulsi, the

governor of the Central Bank of Jordan, is not unsympathetic to this view. "In principle, we would like to see interest rates deregulated, but the evidence is that it would lead to interest rates spiraling upwards."

Some bankers also complain about a liquidity squeeze that is straining their lending ability. This comes at a time when many banks have reached their lending limits of 70 percent of total deposits.

The squeeze has been caused by a tightening of monetary policy — with money supply growing by only 1 percent in 1984. Bankers say that Central Bank rules forcing banks to tie up a proportion of their capital and deposits in local shares on the Amman stock market and in Treasury bills has compounded the problem.

But Mr. Nabulsi said: "The word liquidity has been abused in Jordan. It is used by many banks simply as an excuse for not lending."

He added that relaxing the money supply would stoke inflation and that banks can refinance bonds with the Central Bank to ease any liquidity squeeze.

The result of the liquidity squeeze and the tight lending margins has been a fall in lending to the construction and transport sectors, particularly to small private-sector borrowers. This has been accompanied by an increasing emphasis on the safety of state-owned corporations, sovereign lending and government-guaranteed loans. Government debt is also tax exempt, which makes it more attractive.

Foreign banks have had their problems exacerbated by uncertainty about regulations affecting them. One of the first moves of the new government in mid-April was to scrap the policy of indigenous banking. This had obliged international banks in Jordan to become 51-percent Jordanian-owned.

Chase Manhattan's local manager, Steve Cryser, said he was "absolutely delighted" that the indigenous clause had been lifted. The six other international banks — Grindlays, Citibank, the British Bank of the Middle East, Bank of Credit and Commerce International, Rafidain Bank and Bank al-Mashrek — also welcomed the move.

But the foreign banks now fear that they could fall afoul of another



Customer service at the Jordan Investment Bank.

Central Bank regulation that requires all local banks to raise their capital to the equivalent of at least \$13 million. The rule did not originally apply to international banks because the indigenous clause would have taken their capital over the minimum capital requirement.

Now that the clause has been revoked, the foreign banks, capitalized at 3 million dinars, are beneath the requirement. "I see no reason that there should be any discrimination between foreign and local banks," Mr. Nabulsi said.

"It is unnecessary for foreign banks to have any capital outside their country of incorporation, let alone to have to increase it," one

international banker in Amman said. "The only logic of increasing our capital is to boost the lending potential, but many international banks in Jordan are under-lent."

In a bid to restore growth, foreign and local banks appear to be adopting different tactics. "The Jordanian banks will concentrate on their better clients often at the expense of higher-risk, smaller clients," one local banker said. And a foreign banker noted that foreign banks will play to their strengths by building on their international networks.

The Central Bank has felt for some time that Jordan may be overbanked. Mr. Nabulsi said that he favors mergers and that two banks are holding merger talks. The Central Bank is encouraging the developing of investment banking institutions. Six merchant banks have sprung up since 1982 and they are expected to start making a significant impact in the next few years.

But a sustained recovery in the banking sector depends on the turnaround of the Jordanian economy, and many bankers are convinced that Mr. Rifai could do the trick. He is committed to encouraging private enterprise, and there is an air of optimism in the business community.

## Despite Drop in Reserves, Economy Keeps Its Balance

(Continued From Page 7)

nationalizing hairdressers in response to a complaint in the local press by a government employee about his wife's hairdressing bills.

A sharp, decisive break was needed. In recalling former Prime Minister Zaid Rifai, a staunch advocate of the private sector, King Hussein signaled a change of tack.

The new administration intends to exploit the breathing space provided by the country's good credit by bringing the private sector back into the center of wealth-generating, relying implicitly on it to regenerate the economy and limiting its own role to providing the right environment in which the private sector can marshal its skills, resources and capital.

The private sector's initial response to the new government has been positive and enthusiastic. Even when the drain on reserves was most acute there was little flow of capital out of Jordan. Now, the stock exchange seems poised for a slow, sustained recovery judging by the way daily trading volumes have been picking up.

The new trade, supply and industry minister, Rajai Masher, wants the private sector to take over the public sector eventually. But it is felt that he will have to tread warily initially, keeping confidence buoyant by making changes where changes can be quickly made, without compromising his options in developing a long-term strategy.

The process of consultation with the private sector is well estab-

lished. The new economic team has met with all the main bodies representing the private sector, and the first moves to sweep back the public sector have been made. The encouragement of Investment Law is to be refined and modified, offering even more inducements to investors. The state-run agricultural marketing company is to lose its franchise, enabling farmers to sell their produce independently, and the Ministry of Supply has lost its monopoly to sell apples.

The indigenous clause stipulating that foreign banks be at least 51-percent Jordanian-owned has been lifted, days after the Central Bank's governor, Mohammad Said Nabulsi, who instigated the program, left the country for medical treatment. Mr. Nabulsi's 12-year tenure as governor has helped the Central Bank to become a major force in financial policy-making — too strong for his critics who feel that by appropriating the functions of the Finance Ministry the Central Bank has contributed to the contradictions and indecision in fiscal and monetary policy-making.

Mr. Nabulsi's stewardship has guided the remarkable growth of preferential credit treatment for the public sector, a preference the private sector is pressing hard to have redressed, and he has been criticized for making the recession worse by his dogged adherence to tough monetary targets. Although the growth in current expenditure has been kept to a creditable 2 percent a year, the government has only managed to keep the budget

more or less in balance by cutting capital expenditure by 3 percent a year over the past three years. The 1981-85 five-year plan is, therefore, likely to be 30 percent underspent. Growth rates have halved from 8 percent since the beginning of the decade and the preliminary estimate for 1984 is 3.5 percent.

Four percent is probably the most that the economy can manage with even, balanced growth over the next five years. Analysts will be watching to see whether the new government lowers its sights to more realistic growth rates when formulating the 1986-90 five-year plan.

They also will be looking to see how far the new, upgraded Ministry of Planning will be able to implement an integrated plan. Ineffective planning is blamed for many of the shortcomings of the current five-year plan and for inefficient use of resources.

But they face a dilemma in falling growth rates. The population is increasing at 3.5 to 5 percent a year and the demand for jobs is growing at 6 percent. The World Bank estimates that Jordan will be able to find jobs for less than half the people coming on the job market even if the economy grows 5 percent a year.

There is some absorptive capacity if Jordanians were prepared to take jobs currently done by expatriates. There are from 110,000 to 120,000 Egyptians working in Jordan alone. The authorities are tackling the problem by introducing a

(Continued on Next Page)



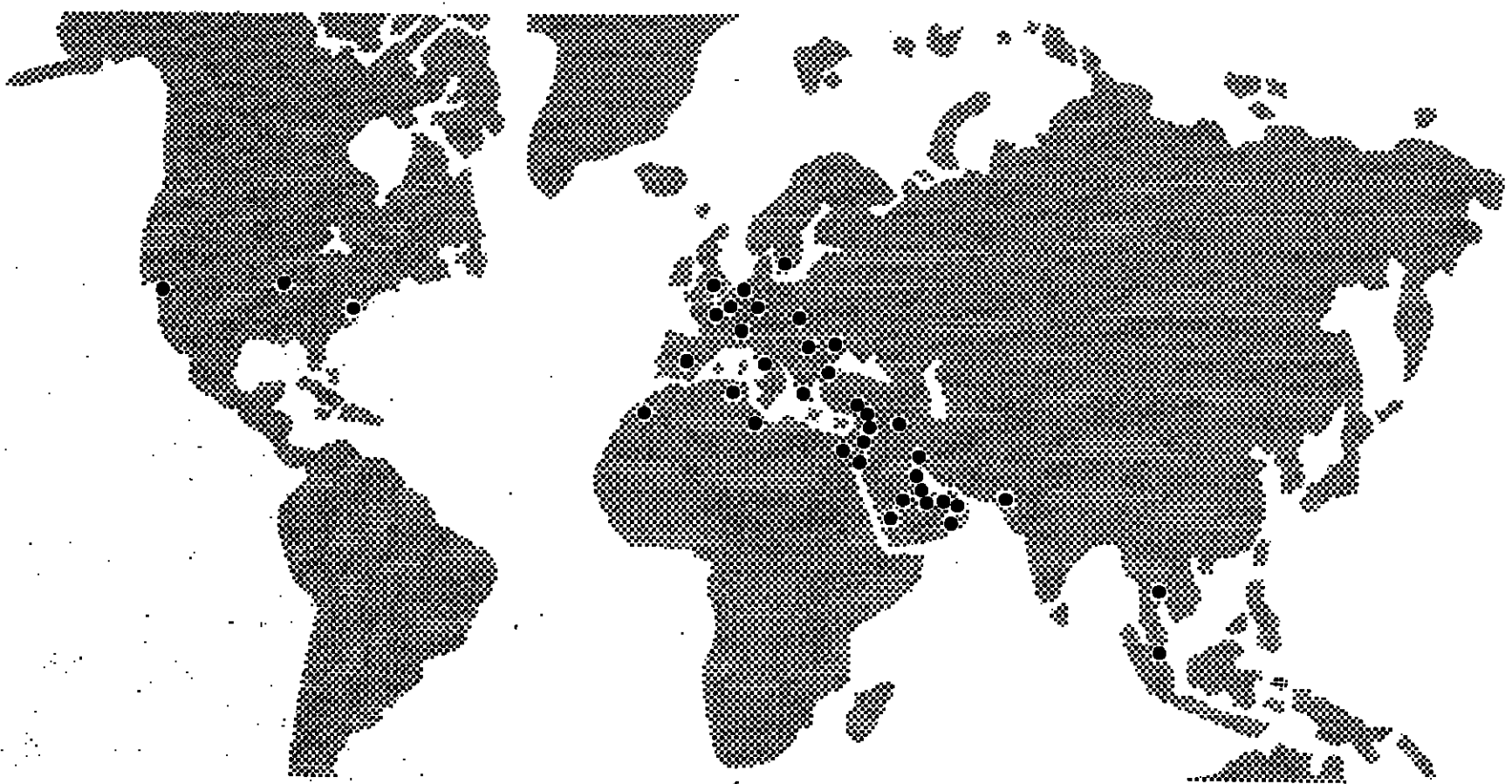
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## A SPECIAL REPORT ON JORDAN



A government housing project under construction surrounds a tent at Abu Nusair.

## Peace Initiative Depends Upon U.S. Acceptance

By Scott MacLeod

LONDON — In the past six months King Hussein and Yasser Arafat, chairman of the Palestinian Liberation Organization, have forged their closest political alliance with the aim of starting peace negotiations with Israel. Their partnership is in striking contrast to "Black September" in 1970, when King Hussein and Mr. Arafat fought a war against each other.

Jordanian and PLO officials believe the alliance is very delicate, however, and could break apart if their "olive branch" does not get a positive response from Israel, or from the United States, Israel's main backer and a traditional broker in the Arab-Israeli dispute.

The expression of the alliance is the agreement signed on February 11 by King Hussein and Mr. Arafat. It says that they have chosen to "move together toward achievement of a peaceful and just settlement of the Middle East crisis." Among the objectives of the prospective joint Jordan-Palestinian negotiation team is an exchange: the "total [Israeli] withdrawal from the territories occupied in 1967 for a comprehensive peace as established in United Nations and Security Council resolutions."

King Hussein and other moderate Arab leaders contend that this amounts to PLO acceptance of the key Resolution 242, which calls on the Arabs to give Israel peace in return for Arab lands captured in the 1967 war.

They have asked the United States to reward the PLO — through such gestures as ending the U.S. diplomatic boycott of the organization — and thereby stimulate the peace process. But American as well as Israeli officials voice skepticism of the February 11 agreement. They point out that senior PLO officials have offered differing interpretations, and that it still falls short of their demands for the PLO to unequivocally acknowledge Israel's existence and renounce terrorism.

"If it becomes the conviction of the Palestinians that there is no possibility of progress at all, then they may decide there is no reason to continue working with us in exploring different

approaches to peace," said a high-ranking Jordanian official who asked not to be identified. "The Palestinian moderates will be weakened, and the hardliners strengthened."

Supporting this view, a PLO official said: "We are waiting for King Hussein to meet with President Reagan. [The talks are scheduled for Washington May 27.] If the Americans do not adopt a more positive attitude [toward the PLO], then everything will be re-evaluated."

Jordan thinks a breakdown of its alliance with the PLO could have dangerous consequences. King Hussein feels the Palestinian issue is Jordan's biggest problem — and a bigger problem for Jordan than any other Arab state — considering how the affairs of Jordanians and Palestinians are intertwined. Thus, King Hussein has emphasized that a Jordanian-Palestinian alliance may be essential for successful Middle East peace negotiations.

But, simplistically, Jordan's "Palestinian problem" is the West Bank, the Biblical land, which has great strategic significance today. Israel seized it from Jordan 18 years ago, but many Palestinians demand the establishment of an independent state there.

The West Bank, consisting of about 2,000 square miles (5,152 square kilometers) inhabited by 800,000 to 1 million Arabs, is sandwiched between Israel proper and Jordan. Until its future is peacefully resolved, Jordan does not feel it can rest easily.

Palestinian Arabs began substantially integrating with the largely bedouin population of Jordan following the 1948 war in Palestine. After Israel won independence as a Jewish state, Jordan's King Abdullah absorbed the uncaptured territory in Palestine into his own realm, which until then included land only on the East Bank of the Jordan River.

As many as 60 percent of Jordan's 2.5 million citizens are of Palestinian origin, not including the people of the West Bank who despite the Israeli occupation continue to hold Jordanian passports. There are 750,000 people residing in Jordan who are registered as refugees from

Palestine with the United Nations. A third of the refugees live in camps.

Palestinians have come to play an important role in Jordanian politics and society. Half of the present Cabinet are Palestinian Jordanians, including the foreign minister, Taher al-Masri. Palestinians are greatly involved in business and commerce, notably the banking sector.

Many Palestinians in Jordan openly support the PLO and would like to return to their former homeland while at the same time they feel a loyalty to King Hussein for the stability and relative prosperity he has brought to the country.

Previously rocky relations between the monarchy and the guerrilla organizations — which underscore the fragility of the present Hussein-Arafat alliance — were rooted in historical divisions between Jordan and Palestine as well as opposing ideas on how to deal with Israel.

King Abdullah was assassinated in 1951 by a suspected Palestinian nationalist. His grandson Hussein, then 15 years old, was at his side and narrowly escaped the gun attack.

The growth of a revolutionary Palestinian liberation movement in the 1950s and 1960s posed a threat to some Arab regimes, including the Jordanian monarchy. Israel responded to terrorist attacks by hitting its Arab neighbors. Palestinian militancy was fueled by the formation of the PLO in 1964 and then Israel's humiliating defeat of the Arab states in the 1967 war. In 1970, the PLO tried to overthrow King Hussein.

The "Black September" crisis started when one of the most radical guerrilla factions, the Popular Front for the Liberation of Palestine, hijacked three passenger airliners and flew them to the Jordanian desert. Ostensibly the purpose was to hold the passengers hostage until Palestinians were freed from Israeli jails. But it became evident the Popular Front wished to provoke a crisis with which to destabilize the Jordanian regime.

King Hussein ordered his tough bedouin army to crush the Popular Front. (Continued on Page 13)

## U.S. Shifting Its Role in Bid for Peace in Region

(Continued From Page 7)

that war and the diplomatic aftermath, a war that was catastrophic for Jordan.

The June 1967 war began in a wave of Arab nationalist fervor, led by President Gamal Abdel Nasser of Egypt, who seized the world's attention in April and May of that year by expelling United Nations forces from the Sinai, where they had served as a buffer with Israel, and closing down Israeli access to the port of Elat.

It is still debated by historians whether Mr. Nasser, who was goaded into action by the Soviet Union and Syrians, knew what a risky course he was embarking upon. The Israelis struck suddenly in response to these provocations and in six days captured the entire Sinai and the Egyptian-controlled Gaza Strip, as well as the Syrian Golan Heights. King Hussein, feeling he could not stay out of the war, entered the fray. The result was the loss not only of the West Bank of the Jordan (which Jordan had occupied since the United Nations partition plan of 1948) but also the end to Arab control of East Jerusalem. The Israelis quickly incorporated the Old City into the Israeli part of Jerusalem.

In the aftermath of that war, Washington took the lead in working out a diplomatic formula once and for all ending the cycles of war in the Middle East. The ultimate result was United Nations Security Council Resolution 242 of November 1967 that in effect called on Israel to return the lands it had just occupied in return for secure and recognized borders. King Hussein, who had been humiliated by his loss of East Jerusalem in particular, seized on Resolution 242 as the way to recover his lands.

But despite the readiness of some Israeli leaders and of King Hussein to negotiate on the basis of 242's formula of "land for peace," the other Arabs rejected negotiations. And the Israelis were never willing to give up East Jerusalem and they were ambiguous about the return of the West Bank. The result was long years of stop-and-start diplomatic efforts, usually pushed by the United States. Not until Anwar Sadat became Egypt's president did an Arab leader come forth to negotiate by himself with Israel. As a result, he recovered the Sinai for Egypt in return for peace as the result of the Camp David accords of 1978.

The Reagan administration, try-

ing to revive the peace process in 1982, proposed a plan based on Resolution 242 and Camp David, which to meet King Hussein's special needs, called for new negotiations, leading to autonomy for the 1.3 million Palestinians in the West Bank and negotiations leading to an association between the West Bank and Jordan. King Hussein solidly endorsed such a plan, but the PLO, committed for so many years to the concept of an independent state and wary of Jordan after the bitter fighting of 1970 that led to the expulsion of Palestinian military units from Jordan, did not agree to the plan.

The United States, embittered by the developments in Lebanon that led to a collapse of American diplomatic efforts, had, in effect, put the Middle East aside when King Hussein in late 1984 began trying to renew interest in peace talks. He allowed the Palestine National Council, the parliament for the PLO, to meet in Amman, and on February 11, 1985, he and Mr. Arafat signed an agreement calling for negotiations in an international forum on "land for peace." The Jordanians and Palestinians would be in one delegation, and they would agree to accept all Security Council resolutions, but did not

explicitly state its agreement to 242.

In addition, the Jordanians proposed as a goodwill gesture that Washington receive the joint delegation. Washington had problems with the formula but was otherwise encouraged by the initiative taken by the Jordanians. The American concerns were these: The U.S. has a long-standing pledge to Israel not to negotiate or even deal with the PLO until that group explicitly recognized Israel and accepted Resolution 242 and a follow-up one, 338 of 1973. Secondly, Washington did not like the idea of an international (Continued on Page 14)



Inside the Dar Al Dawa pharmaceutical plant near Amman.

## Economy Keeps Balance Despite Drop in Reserves

(Continued From Previous Page)

pre-secondary school examinations that rigorously screen pupils according to vocational and professional demands.

The government, meanwhile, aims to place as much of the investment burden as possible on the private sector, which is being asked to provide half of the industrial investment in the new five-year plan. Self-sufficiency in agriculture is being encouraged too — Jordan imports 60 percent of food — as are industries that use indigenous raw materials instead of imports.

On the diplomatic front the government is likely to press Saudi Arabia to delay settlement of its oil bill — Jordan buys all the oil not acquired from Iraq from Saudi Arabia at OPEC prices and the oil bill was \$606 million last year — and reinstate its commitment to underwrite aid contributions from the Emirates and Qatar. Oil finds on the Iraq-Saudi-Jordanian border are being played down for fear they might jeopardize aid payments. The prospecting, being undertaken by Romania, is in a geologically difficult area, the investment is small and the technology dated.

In the absence of a comprehensive Middle East peace, Jordan has little choice but to continue juggling its political and economic options and shouldering the burden of a 100,000-member standing army, which takes up more than 50 percent of government revenues.



## Tourism Industry Begins to Expand With Longer Season

AMMAN — Traditionally, Jordan's tourist season begins to wind down soon after Easter, but the Alia, Royal Jordanian Airlines, Boeing 747, on its way to Amman a few days ago was booked solid with French and English tourists.

The longer season and the wider mix of activities — other than the conventional visits to Petra, Jerash and the crusader castles — now offered is a sign of the growing confidence and expanding horizons of Jordan's tourist industry.

The changes have, to some extent, been dictated by necessity. Tourism, like other sectors of Jordan's economy, is highly vulnerable to external circumstances and shifting market patterns.

Amman's hotel industry, in particular, has been hit by the economic slump of the last two years. Many hotels in operation are facing an uphill struggle to break even while a few that were due to come on stream have been mothballed or their completion has been delayed.

However, the disappointing tourism revenue figures, which show a drop of 12 million dinars (\$30.36 million) to 172.3 million dinars in 1984 and a continuing decline as a percentage of gross national product from 13-15 percent before 1981 to a current 10 percent, paint a deceptive picture for they include revenue collected from all nonresident sources.

Arab nationals made up nearly 80 percent of the 1.59 million foreigners that entered Jordan in 1984. Of these, Syrians accounted for almost a quarter and Egyptians one-half.

A fall of more than 10 percent in the number of Egyptians transiting Jordan to work in Iraq or the Gulf and visiting Syrians accounted for most of the 8-percent drop in arrivals in 1984.

Business travel, which has a direct bearing on tourist facilities such as hotels, also was sharply down. There also was a decline in tourist business from North America, but this was offset by a rise in European business, especially package tours, which are the core of trade with Europe.

How to find new business and achieve a better utilization of existing resources is the authorities' main preoccupation and has focused attention on the need for greater coordination between the private and public sector.

Part of the industry's problems stem historically from the loss of identity that followed Israel's seizure of the West Bank in 1967. The loss of the lucrative, undemanding Holy Land tourist trade hurt the private sector and left the government to shoulder most of the burden of development in the 1970s alone.

It is not surprising, therefore, that the state has assumed a dominant role in the industry — so much so that even in Amman and Aqaba, where private sector investment has been confined, the state has played a leading part in financing and developing big hotels.

The private sector has contributed about half of the 200 million dinars put into the tourist industry since 1973, but mainly in peripheral activities.

Since 1980, the Tourism Authority has been developing a marketing strategy to give the tourism industry a clearer profile. Distinct areas of tourism have been defined:

the archaeological sites and antiquities, Amman as a business center and a gateway to the Middle East, Aqaba as a winter and increasingly year-round resort.

A program of reshuffle construction has been instigated and a company set up to develop the mineral hot springs at Zarqa Ma'in.

In addition, the government has allocated funds for the development of Wadi Rum, the desert valley immortalized by T.E. Lawrence in "Seven Pillars of Wisdom," by commissioning the University of Florence to study rock inscriptions and hiring a rock climbing group to devise a rock climbing program.

The Tourism Authority has been promoting two-stop holidays taking advantage of Jordan's strategic position in relation to other regions and tourist centers. Two-stop tours have been arranged with Syria, the Holy Land, Egypt and even the two Yemens.

The recent opening of the Nuweiba-Aqaba ferry expands the whole of Sinai for Aqaba-based tourism, particularly the superb scuba diving off Ras Mohammed and the monastery of St. Catherine. However, it is not yet clear whether the ferry, which will cater principally to Egyptian expatriates returning home overland, will have sufficient facilities to attract tourist traffic on the three-hour crossing.

Aqaba still needs considerably more investment if it is to become fully competitive with nearby Eilat, in Israel, which has been an outstanding success as a beach resort. The main handicap is price. Package tours to Eilat cost a fraction of the tours to Aqaba mainly because foreign tour operators can fly directly to the Israeli resort, whereas all incoming air traffic to Jordan has to pass through Amman.

The state airline, Alia, is acknowledged to have done a good job in promoting Jordanian tourism, but its interests and those of the industry often are in direct conflict, as the airline does not fly to tourist areas.

The 1986-90 five-year plan, which is being drawn up, will put greater emphasis on marketing, says the Tourism Authority's marketing director, Ahmed al-Bahri.

It is an emphasis that Muntir Nassar of Intercontinental Travelers Co. welcomes. In his view, a good start has been made over the last three or four years to coordinate marketing between the ministry and travel agents. But he thinks that the ministry should take a much more assertive role in marketing.

The first priority is getting higher occupancy rates in Jordan's 12,000 hotel rooms. Mr. Nassar said that he thinks that demand in Amman is gradually catching up with supply and, "providing they don't start another 300-400 room hotel," things should start looking up in 1986-87.

The statistics bear him out. Hotel bookings are running 20 percent ahead of this time last year, and tourism is consequently expected to bring in 190 million to 200 million dinars in the current year. But it is a measure of the competitiveness of the international tourist market and how vulnerable Jordan's position is that this is about one-third less than the 280 million dinars in revenues envisaged for 1985 in the 1981-85 five-year plan.

— ALAN MACKIE



The gold market in Amman.



An Amman shopowner and his wares.

## Zarqa Ma'in Hot Springs Resort Needs New Head of Steam

ZARQA MA'IN — In the cavernous skeleton of the main hotel, a Saudi tourist was enjoying a picnic with his family, his Range Rover parked in the lobby and the detritus of his meal strewn over crates of sophisticated equipment waiting to be installed. It was the only sign of activity at Zarqa Ma'in, an arid gully reached by a tortuous 15-kilometer (9.2-mile) drive through the foothills of the Dead Sea, where the Middle East's first full-fledged thermal spa is being built.

Zarqa Ma'in has been renowned for its hot springs since Biblical times. King Herod is reputed to have bathed there and today, tribesmen come from hundreds of kilometers around to avail themselves of its curative powers.

It was to profit from this regional popularity that the Jordanian government decided five years ago to develop the springs as a resort. It planned a general recreational area with picnic grounds, camping site, swimming pool, thermal baths and holiday chalets, and a 142-room hotel with its own sports and medical facilities to cater to a wealthier clientele.

A government-controlled company, the Jordan Tourism and Spa Complex Co., was set up in 1980 with a capital of 2.5 million dinars (\$6.3 million) to finance the project and the Industrial Development Bank provided 3 million dinars in loans. Soon after, Al Habbour Contracting Co. of Dubai was appointed general contractor.

Work on the project was under way when the management contract was awarded in December 1982 to a local company, Nabih Nazzari and Sons, in conjunction with the Belgian fast-food group, Restobel, which set up a joint venture, Middle East Tourism Services and Management Co. (Metma). They brought in Spabell, thermal baths specialists, as technical assistants, and the Belgian connection was further strengthened by the award of the contract for the fixtures and fittings to SRZ International on the back of a promised 2-million dinar Belgian government credit.

It was clear from the outset that the project was undercapitalized, but work continued until mid-1982, by which time the main contractor was owed nearly

700,000 dinars. Then the Jordanian authorities refused to renew the work permits of the 150 Indian and Pakistani laborers and the project began grinding to a halt. However, it was the flash floods of last October that provided the coup de grace, leaving a trail of destruction and a bill for damages estimated at between 500,000 dinars and 1 million dinars.

With the project inadequately insured, it has still to be determined who is responsible for paying the bill. A further 300,000 dinars will have to be found for flood-protection measures.

There matters rest, the springs continuing to work their spell on visiting Saudis and Kuwaitis, who seem indifferent to the devastation.

Daniel Philippart, the general manager of Metma, believes the project is so far advanced that the government cannot afford to write off the 5.5 million dinars already spent. He thinks Metma's recommendation to double the capital to 5 million dinars, with the increased leverage this would provide to raise credit, plus the 2 million dinars the Belgian government has

agreed to supply, should be sufficient to cover the 12 million dinars the project now is expected to cost.

Mr. Philippart has nailed down a contract with the Munich-based health-tours group, Med Tours, which will guarantee the project's viability. Med Tours has signed an undertaking to book 50 rooms year-round and would like to take 100. It is even prepared to invest 1 million Deutsche marks in a small treatment facility on the Dead Sea, a project that is part of Metma's development plans.

The combination of the Dead Sea's topography, 300 meters (984 feet) below sea level, and the springs' minerals produces a unique cure for psoriasis, a nervous skin complaint common in developed societies. The significance of the German deal is that it is to be financed by the state medical service. Mr. Philippart believes this could be made the precedent for other European countries.

If the money can be found, Mr. Philippart said, the project could be finished in time for an opening next spring, a year behind schedule.

— ALAN MACKIE

## Aqaba Expands as Resort And Hub of Shipping, Trade

(Continued From Page 7)

Nowar, acknowledges that he has no easy task but is optimistic that encouraging the private sector to invest in the city's development, by extending financial incentives and public services, will in the long run insure the success of projects.

A plan to grant free-zone status to the whole city is pending but amendments to facilitate import procedures and to encourage trade are on the way and are expected to attract business and industry to Aqaba.

Attention also is being given to the port area, which is gradually becoming more organized. Hurdled erected warehouses and temporary fixtures such as floating berths — bought to deal with the surge in transit trade to Iraq as a result of the Gulf War — are being replaced with new, permanent facilities to cope with changing trends and increasing trade activity.

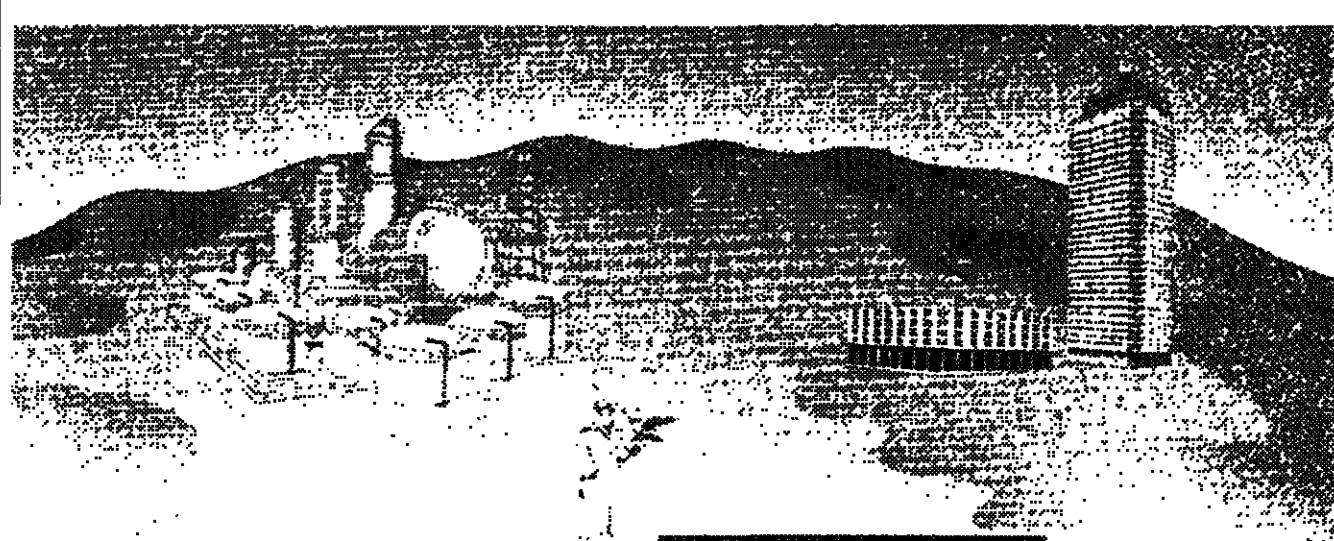
Although Iran curtailed imports as money supplies dropped, the legacy of the Iran-Iraq war has continued to shift trade from the Strait of Hormuz to the Red Sea; cargo han-

dled at Aqaba has been steadily rising from 60,000 tons in 1953 to more than 12 million tons in 1984, with total transit handling increasing from 163,268 tons in 1979 to 3.48 million tons in 1983.

Container traffic through the port has risen dramatically, growing from fewer than 3,000 units in 1976 to more than 120,000 in 1984. A \$60-million container port with roll-on-roll-off berths, straddle carriers and gantry cranes went into operation in November 1984 and once the main container storage building is completed this year, Aqaba will be fully equipped to handle giant, third-generation container vessels, which are the future of global shipping.

New developments are under way to improve facilities for Jordan and the port's biggest export item, raw phosphate rock. Increasing production from the kingdom's three mines in the center of the country, coupled with a formula to partly pay suppliers and contractors with phosphates, have resulted in growing phosphate exports — rising at an average of 7 percent a

(Continued on Next Page)



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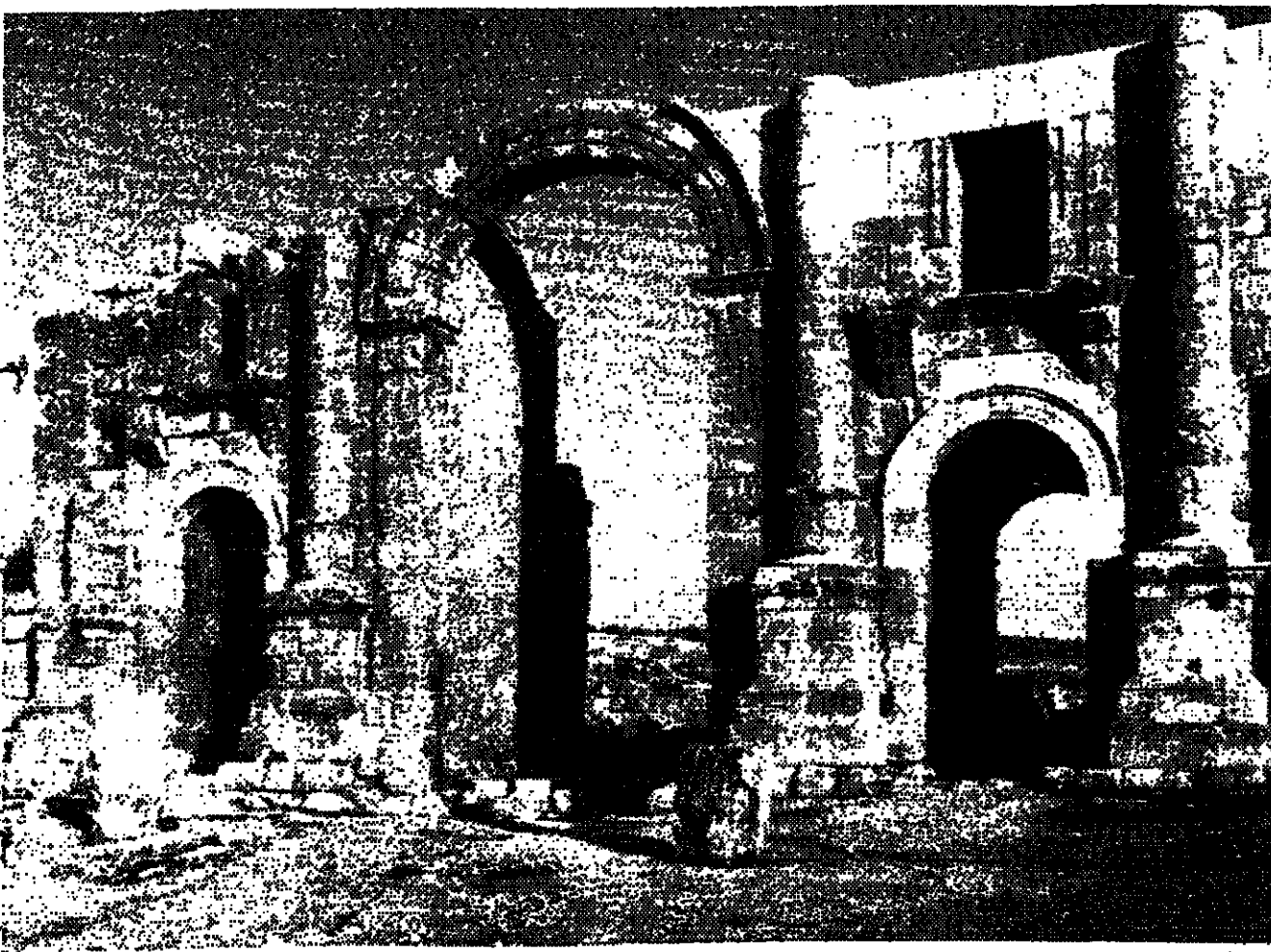
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The ruins at the ancient Roman city of Jerash.

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## A SPECIAL REPORT ON JORDAN

## Barter Deals Give Industry Hopes for More Profits

AMMAN — Industry, like most sectors of the Jordanian economy, is feeling the effects of the recession, and it also is reaping the whirlwind of bad planning over the past five years. This is particularly the case in the larger state-controlled companies where production plans have been allowed to dictate the level of investment.

A wood-manufacturing plant, for instance, built three years ago never had the chance of making a profit against Eastern European dumping, while cement production has been increased well beyond the country's needs and the region's capacity to absorb. Goods and commodities have been produced for export markets that have not materialized, forcing the government into barter deals — principally with Egypt and Iraq — to place surplus production.

But barter trade can be but a temporary expedient for a country like Jordan that can survive only by remaining internationally competitive. At best, it offers a breathing space for restructuring and nationalization. The emphasis, therefore, is on marketing — across the industrial spectrum — and on raising productivity and quality so that Jordan's products will be able to hold their own — if not in European markets — at least in the increasingly competitive regional ones.

Government help for industry through industrial estates and free zones, and especially the Encouragement of Industry Law, which offers regionally graded tax holidays and other concessions, is generous. Now, the government aims to boost industrial exports by improving overseas commercial representation and is considering introducing export incentives.

Jordan has a fairly long history

of industrial development by regional standards. The Jordan Cement Co. was founded in 1950 and the Zarqa oil refinery was built six years later. The government has tended to finance the heavy and attractive industries like phosphate mining — Jordan is the third-largest phosphate exporter in the world after Morocco and the United States — but, with the heavy promotion of the public sector in the past six years, state involvement in industry has gone much deeper.

It was inevitable, given the larger capital resources required by industry in the 1970s, that the private sector should take a back seat to the government and the state institutions like the Pension Fund, the Social Security Corp. and the Industrial Development Bank in extending credit to industry. It was a short step from there to giving preferential loans and tariffs to the public sector.

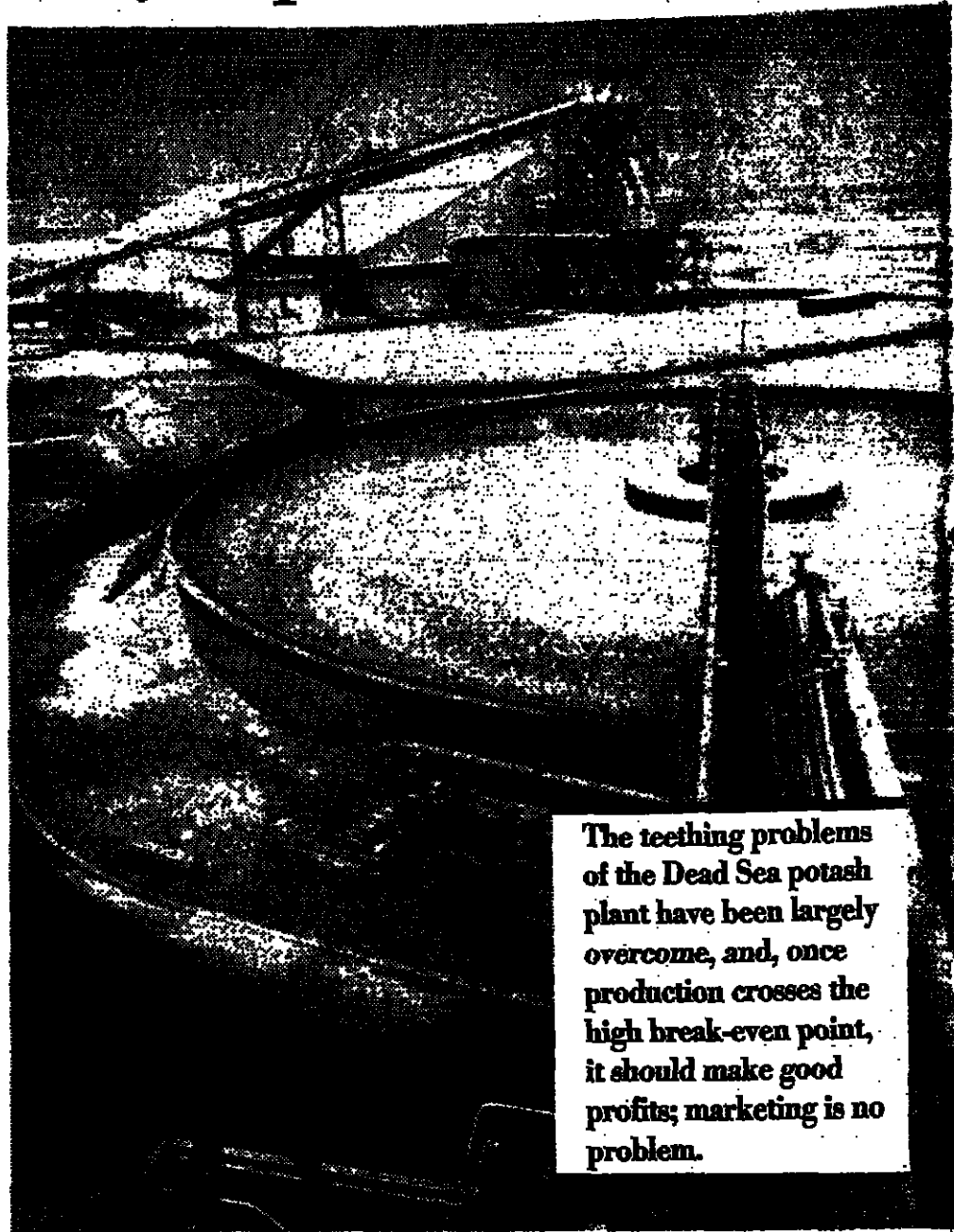
This discrimination against the private sector only hit home in 1983 when markets contracted, and it certainly contributed to its lack of confidence. Measured by Industrial Development Bank disbursements, industrial investment in 1984 fell to the lowest level since 1980.

The initial response of the private sector to the new government has been extremely positive. The new minister of supply, trade and industry, Rajai Muasher, has declared that he intends to get the government off the back of the private sector. If he sticks to his goals, two institutions, the Pension Fund and the Chamber of Industry, are likely to assume increasing importance in industrial development.

The Pension Fund already is negotiating to take over the Ministry of Industry's 100-million-dinar (\$253-million) portfolio, which would raise its combined assets to 141 million dinars and make it de facto the government investment arm of industry. The Social Security Corp.'s total assets are 85 million dinars and the Development Bank's outstanding loans and equity amount to 29 million dinars.

The Pension Fund is working with the Development Bank on wood, glass and carton-paper projects. It also has a number of other projects under study, including a pumps plant and a small-scale automobile tire factory. In both cases feasibility will depend on suitable technology and sufficient domestic demand to sustain the bulk of production. A sound domestic market base is a major criterion of investment viability.

The fund also has asked the



The teething problems of the Dead Sea potash plant have been largely overcome, and, once production crosses the high break-even point, it should make good profits; marketing is no problem.

A potash refinery.

World Bank to help in identifying downstream industry from mining, and it is hoping that the 15-million-dinar foundry it is promoting in the Irbid industrial zone will form the basis of downstream engineering industries.

For the first time, also, the fund is seeing how it can help smaller industries. The Chamber of Industry's role will be more in market and product promotion. With its debts paid up, it is in a much stronger position to financially develop its research facilities and to attend foreign trade exhibitions. It recently exhibited at the Bahrain Trade Fair.

The chamber's most important task, however, will be in representing the private sector in its dealings with the government. At its first meeting with the new administration the chamber stressed the need for greater protection of local industry and for comprehensive review of regulations covering industrial licensing and tariffs. At present there is no consistency in tariff protection. Some products like bathroom fixtures, tiles, refrigerators and home appliances get 55 percent, while others none.

The chamber also asked for the removal of discriminatory preferences favoring the public sector and that it be brought more into the picture in industrial planning.

According to Isam Dbeir, the chamber's president, their ideas were well received. But in dealing with public-sector reform Mr. Muasher does not have much room for maneuver, and he will have to tread warily. Many sifting public-

sector companies in need of urgent cash injections would go under if they lost their preferential treatment. Mr. Muasher favors joint ventures with raw-material suppliers where possible and barter deals for bulk products like cement and phosphates that are difficult to market.

Quite apart from cash difficulties, restructuring the public sector is going to involve imagination and entrepreneurial flair to minimize dislocation and loss.

The South Cement Co. launched on the stock market three years ago on the crest of the boom, now is an embarrassing white elephant. Merger negotiations with the profitable Jordan Cement Co. hinge on price. But Jordan Cement is hoping to make the merger more palatable by introducing new product lines that will enable the local market to absorb 70 percent, compared with the present 50 percent of the two plants' joint 4-million-ton-per-year production.

Despite the problems faced by many public-sector companies, the industrial picture is far from gloomy. Phosphate production, up 31 percent last year at 6.2 million tons, probably has another two years of good growth. Plans for a phosphoric acid plant have been shelved but work on developing the prolific Al Shidiya phosphate deposits north of Aqaba continue.

The teething problems of the Dead Sea potash plant have been largely overcome, and, once production crosses the high break-even point, it should make good profits; marketing is no problem. The fer-

tilizer plant at Aqaba, on the other hand, incurred a loss of 10 million dinars in 1984 because of the high price of feedstock sulfur.

Of the 33 industrial companies that have produced their 1984 reports, 20 — almost half of the 44 quoted on the Amman Stock Exchange — have turned in profits.

Some, like the Paper and Cardboard Co., have been retaining profits for a number of years, and now, comfortably liquid, are beginning to expand. The company chairman, Zuhair Asfour, is far from pessimistic. He maintains that the present recession is a salutary shock to the private sector. "It isn't very drastic," he said. The local banking system has the resources for investment; the only thing lacking is "knowhow," which can be bought through license of small joint-venture, participation. "There are heaps of applications," he said for small and medium-sized industries.

The buoyancy of the stock market since the new government came to power tends to bear him out. But much depends on whether the authorities can create, in the words of Bassam Saket, director general of the Pension Fund, "an image of continuity" after the traumatic chopping and changing of previous administrations. For its part the private sector has been left under no misapprehension that the ball is now in its court. If the Chamber of Industry does not come forward with the proper package, Mr. Saket said, "the government will change tack."

— ALAN MACKIE

## Phosphate Profile

(in thousands of metric tons)

Production		
1984	1983	% change
6,236	4,748	+32
Exports		
1984	1983	% change
4,695	3,688	+27
Domestic sales		
1984	1983	% change
975	631	+55

Source: MEED/Perfecom, London.

## Aqaba Expands as Resort And Hub of Shipping, Trade

(Continued From Previous Page)

year. Initial studies at the Shidiyah site in southern Jordan indicate that phosphate exports could rise to about nine million tons annually by 1990 once the mine is opened.

In anticipation of increasing exports, the Ports Corporation recently signed a contract for a new phosphate loading facility. Phosphate Berth C, with a capacity to handle 1,000 tons per hour. The project, expected to be completed by November of this year, will raise the phosphate export capacity of the port by from 1 million to 1.5 million tons.

Although Jordan has been reducing its imports of luxury goods, due to an increasing trade deficit, imports of basic commodities have been rising. In February 1985 the West German company Zeppelin won a contract to build a wharf south of the main port area to be used for importing and exporting oil products, chemicals and vegetable oil. The 2-million-dinar project, expected to be completed by August 1985, will enable large and medium vessels of 50,000 to 30,000 tons to dock at the harbor.

Grain shipments are big business for Aqaba at present as both Iraq and Jordan's grain production is down due to the war and winter drought respectively. Iraq — helped by U.S. government credits — will import a total of six million tons of grain in 1985, 3.5 million tons of which will be handled through Aqaba. A specialized floating bulk terminal can hold 400,000 tons of grain and is capable of loading 300 trucks at a time. Grain handling through the port this year is expected to earn Jordan \$14 million in port dues and a further \$100 million from trucking fees.

A \$20.75-million contract for the construction of a terminal to handle exports of Iraq crude oil has been awarded to an international company and is scheduled to start operations by August. If a proposed \$1-billion pipeline from Iraq to Aqaba ever materializes it will link with the terminal and crude will be discharged directly into docked tankers.

However, problems remain in Aqaba's rapid port development — the organization of trucks for overland transport and road/rail transportation facilities. Long delays while appropriate lorries are found to transport cargoes offset the advantage of no waiting time for ships to dock. Projects to improve the situation are included in both the Aqaba Region Authority and national five-year development plans. Upgrading the railway line and diverting heavy traffic from the center of Aqaba are priorities to improve the situation.

Progress in developing tourism has not been as rapid as the almost dramatic promotion in the port,

but the authority is planning to rectify the situation with several long-term projects to maximize the available tourist facilities and to build recreation and sports complexes.

The newly opened Aqaba-Nuweiba ferry boat link and an agreement with Egypt to promote tourism in both countries is likely to increase the number of tourists to Aqaba. However, the authority also is keen to encourage Jordanian families to vacation in Aqaba instead of abroad. The five-year plan includes the construction of 10,000 to 15,000 holiday bungalows, which will be offered for sale for between \$27,000 and \$70,000. The \$25-million project will be sited on a 6.5 kilometer stretch of coast and on terraces overlooking the beach area.

Aqaba's 12 main hotels with almost 2,000 beds are expected to be sufficient to accommodate middle-income tourists for several years, and there are no plans to construct more hotels. Camping facilities for low-income vacationers and youth groups will be included in the plan, with the proposed site including fresh water, electricity, showers, restaurants and travel agencies to cater for up to 1,000 people.

Recreation facilities for the expected increase in tourists are planned, including an amusement park for families and children to be run as a concession, and a water-sports center using pumped-in sea water from the Red Sea.

To the north of the city there will be the 1,500-hectare Prince Hamzah botanical gardens, which will include a palm forest with trees from several Arab states and a research station for arid and coastal areas, which the Region Authority hopes will be supported by Western financiers.

As the city's basic infrastructure and services already are established, the major difficulties facing the authority are organizational problems such as the poor districts of Shalleh and Halfayer, which are densely populated "slum" areas with haphazard workshops, stalls and garages. These areas, with their corrugated rooftops and random layout, not only spoil the attractiveness of the city but also waste valuable space. The construction of a 2-million-dinar housing complex for workers — a project trailing five other similar ones — will indirectly assist the Region Authority in reorganizing these districts while upgrading residential quarters to include social services, banks and commercial centers.

Aqaba is one of the fastest growing cities in the Third World, with a growth rate of nearly 6.5 percent over the past few years. The ambitious and comprehensive plans to further develop the city may put Aqaba on the map as a tourist resort and could serve as an example of how to maximize limited space.

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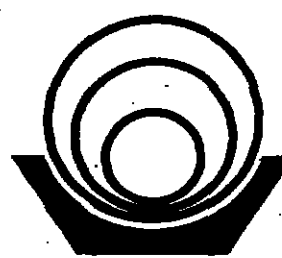
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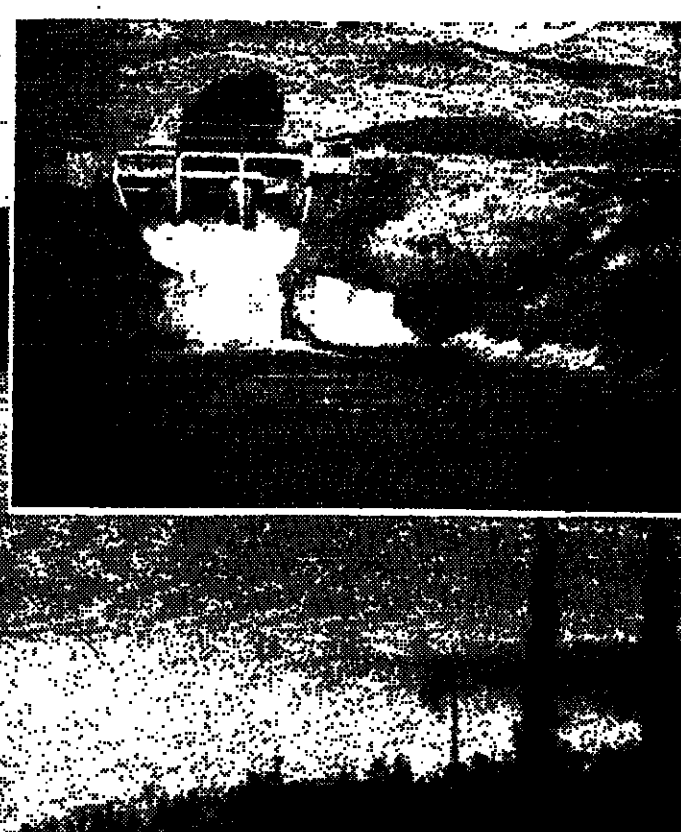
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## A SPECIAL REPORT ON JORDAN



Vegetables are grown in greenhouses in the Northern Jordan, above left. Waters behind the King Talal Dam, northern Jordan, right, and inset, the East Ghor Canal in the Jordan Valley.

## Uplands Agriculture Is Given Priority in Planning as Food Import Bill Increases

By Sarah Graham-Brown

LONDON—Jordan's next five-year plan (1986-1990) is expected to make agriculture one of its major priorities, raising its share in total spending from the 7.1 percent allocated in the 1981-85 plan.

This is a measure of the government's concern at some of the long-term problems visible in the agricultural sector.

It is not so much that agriculture has been neglected, as that its de-

velopment has been lopsided. Substantial investment and foreign aid have gone into the development of the Jordan-Valley irrigation project, but relatively little has been done to assist the rain-fed agriculture of the uplands.

At the end of the 1970s, in a report on the basic needs of rural communities in Jordan, Dr. Jarir Dejjani, of Stanford University, wrote: "Although Jordan is mainly an agricultural country, the per-

centage of the population that is employed in agriculture is becoming smaller every day. In many cases, the reason behind this rural exodus is the smallness of the plots of land farmers cultivate and, thus, their inability to make a living off the land."

The drift of migrants to the urban areas has gone so far as to create labor shortages in agriculture.

Alarm at this seemingly unstop-

pable trend is combined with concern at the steadily rising food-import bill over the past few years: Jordan imports about two-thirds of its food.

Furthermore, in the 1983-84 season a severe drought reduced wheat production from a 10-year average of 62,000 tons a year to a mere 10,000 tons.

In March this year, the Ministry of Agriculture announced new moves to encourage farmers in the

rain-fed areas: guaranteed prices, technical advice, and cheap seedlings for cereals, potatoes and onions.

Some critics may argue that this is too little too late, when already about half of Jordan's population lives in the Amman/Wadi Seer-

ments such as land reclamation and irrigation, farm buildings and purchases of livestock and equipment.

The cooperative development of rain-fed agriculture projects, costing \$28 million and jointly financed by the International Fund for Agricultural Development and

"lengthy procedures" involved in obtaining credit through the Jordan Cooperative.

In contrast, large-scale commercial farming has flourished, in the highlands as well as in the Jordan Valley, including production of vegetables and flowers under drip

irrigation. With a loan of \$20 million from the Arab Fund for Social and Economic Development, the authority is converting the system of open channels in the central section of the valley to pipes, to allow for drip irrigation over a further 5,500 hectares (13,624 acres).

Despite the rapid development of high-technology farming, the valley is experiencing some problems, particularly in the realm of marketing.

Some recent seasons have seen gluts of vegetables, especially tomatoes, which have sent prices plummeting, causing serious problems for less affluent farmers.

The government has gone so far as to impose fines on overproducers, and for the longer term, efforts are being made to introduce a wider range of crops and better methods of crop rotation.

It is hoped that the national research center on agricultural techniques being set up in the valley will be able to contribute to solutions to some of these difficulties, which arise from the use of high technology farming methods.

**Jordan imports about two-thirds of its food. Furthermore, in the 1983-84 season a severe drought reduced wheat production from a 10-year average of 62,000 tons a year to a mere 10,000 tons.**

## Peace Bid and U.S. Acceptance

(Continued From Page 10)

army to crush the PLO in the Jordanian capital, Amman, and then repel a Syrian invasion of the country's northern frontier. In the ensuing years, Jordan as well as Israel became a target for Palestinian extremists who formed the notorious Black September terrorist group.

In 1974, at an Arab summit meeting in Rabat, Morocco, the PLO won approval for a resolution that effectively terminated Jordan's claim to the West Bank and Arab Jerusalem. It declared the Palestinians had a right to a "homeland" and "self-determination," and designated the PLO as their "sole legitimate representative."

An evolving rapprochement between Jordan and the PLO became firmer in 1982. The Israeli invasion that drove the PLO out of Lebanon put the Palestinian issue back on Hussein's doorstep. For Mr. Arafat, the loss of his only military base left few options other than to join King

Hussein in a practical negotiating process.

With the stage set for a full political alliance, President Reagan's September 1, 1982, peace initiative served as a catalyst. It called on Israel to return the West Bank and Gaza Strip (captured from Egypt in 1967) where a self-governing Palestinian entity would be established in association with Jordan. Israel would get peace.

King Hussein and Mr. Arafat saw the opportunity to "save" the occupied territories from permanent Israeli control. There are an estimated 42,600 Jewish residents in 114 settlements on the West Bank, and another 3,000 live in the Gaza Strip, which has 500,000 Arabs.

Since 1982, King Hussein and Mr. Arafat have talked of an eventual confederation between Jordan and the Palestinians, although the PLO insists that such a union be postponed until after the establishment of a Palestinian state.

Their developing partnership was bolstered last November

when the king hosted the 17th session of the Palestine National Council, the PLO's "parliament." He strongly reaffirmed his recognition of the PLO as the representative of the four million Palestinians living inside and outside the occupied territories, and he pledged not to enter peace talks without PLO consent.

The Hussein-Arafat approach has been fraught with dangers and complications. Jordanian officials feel the biggest threat is that PLO hardliners and even some close Arafat associates will pressure the PLO chairman to abandon the partnership as an exercise in futility and capitulation.

Radical PLO factions forced Mr. Arafat to suspend dealings with King Hussein in April 1983 when the two leaders were close to an agreed approach concerning the Reagan peace initiative. These factions waged a Syrian-backed civil war against Arafat loyalists, costing more than 1,000 lives in eastern Lebanon and Tripoli.



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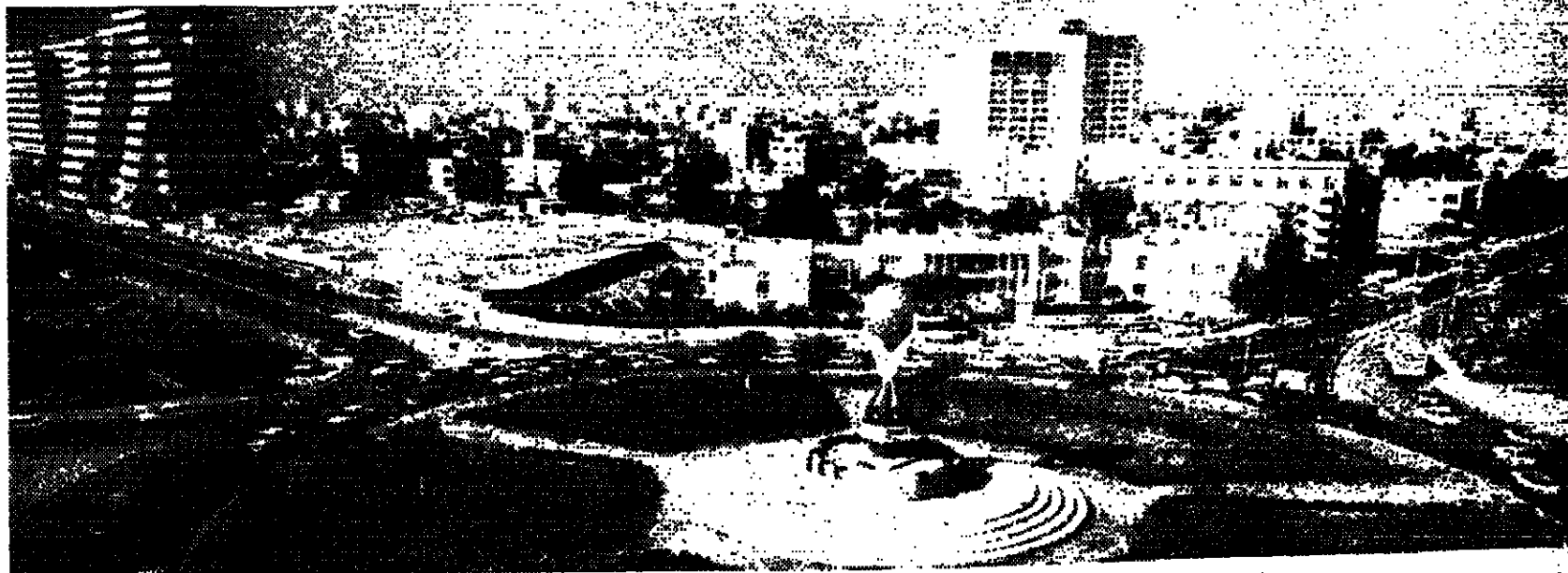


## A SPECIAL REPORT ON JORDAN



## Amman: Busy Hub of Nation

At left, a busy avenue in the capital and a traffic circle in a rapidly developing quarter of the city.



## Nation's Historic Role as Transshipment Route Continues With Modern Means

AMMAN — The Pharaohs' armies used to cross Jordan to do battle with Mesopotamia. The Assyrians, Babylonians, Persians, Greeks and Romans all passed through. Caravans from Yemen split up into two near the modern-day port of Aqaba, to head for Syria to the north and to the Nile Valley to the west.

Their modern equivalents are still on the move although trucks, container ships and Boeing jets have replaced camels and horses. And their loads are no longer the spices and cloths of the East.

They are more likely to be goods from the north — anything from sophisticated military equipment or Iraqi oil to fresh meat from Europe and Jordanian phosphates and potash for export.

"The story of transportation in Jordan is the story of civilization here," said Adnan Abu Odeh, a senior counselor to King Hussein and a former cabinet minister.

Over the last 10 years, Jordan has invested about 800 million dinars (\$2 billion) in transportation, just over 20 percent of its investment budget for that period.

Income from transportation rose by an average 29.6 percent annually from 1975 to 1980, according to Transport Ministry officials, bringing in 91 million dinars and making up 11.2 percent of the country's gross domestic product.

Since 1980, transit through Jordanian territory has risen sharply because the Gulf war that pits neighboring Iraq against Iran.

From the start of the war in September 1980, Jordan threw its support behind Iraq, and Aqaba, on the Red Sea, became a major conduit of supplies for the Iraqi war effort as Iraqi ports became unusable because of damage or the danger of attack.

Transport Minister Farhi Obeid said that 60 percent of imports currently passing through Aqaba were

destined for Iraq. He said that, in view of Jordan's decision to expand the port, Baghdad had promised to continue using its facilities once the Gulf war ends.

While Jordan's transport policy aims at improving and expanding all forms of surface transport, its national airline, Alia, provides perhaps the most prestigious example of the transport industry's growth.

The airline, whose fleet includes three Boeing 747s and nine Lockheed L-1011 Tristars, serves 40 destinations, from Los Angeles in the West to Singapore in the East.

Over the next five years, it plans to add Kuala Lumpur, Seoul, Tokyo, Rio de Janeiro and Abidjan to its international network. Alia's hub is the ultramodern, 2-year-old Queen Alia International Airport, south of Amman.

On the domestic front, Alia plans to open up routes to new airports being built at Petra, Irbid and in the Ghor Valley. These

routes, for which Alia plans to purchase small turboprop planes, are mainly aimed at the tourist market.

The airline is currently studying the European Airbus, the McDonnell Douglas MD-80 and the Boeing 757 and 767 as replacements for its Boeing 707s and 727s.

Alia made a steady profit for a decade until 1983 when it lost \$2 million at the prevailing rate of exchange. The chairman, Ali Ghandour, predicts that the 1984 figures will show another loss, but attributed this to the inauguration of routes to Singapore, Chicago and Los Angeles.

In addition to Alia, Jordan owns Arab Wings, the Arab world's only executive jet organization, which operates two Sabers and two Learjets.

Jordan is also a partner with Iraq in Arab Air Cargo, a purely freight line set up in 1981, which currently operates two Boeing 707s and can draw on the resources of Iraqi Airways and Alia. In 1984, it flew 457 flights, carried 14,000 metric tons and brought in \$8.8 million in revenues.

On the ground, Jordan's biggest transport activity is trucking. Lines of heavy goods vehicles can be seen outside the capital, on the approaches to Aqaba and at the frontier crossings with Iraq and Syria.

The Jordanian government has set up two joint trucking ventures with its neighbors, the Iraqi-Jordanian Land Transport Co. and the Jordanian-Syrian Land Transport Co. They operate 750 and 366 trucks respectively.

Altogether, more than 8,000 trucks are registered in Jordan, a country where the population is estimated at 2.5 million.

Private owners complain that the

government favors public-sector trucking concerns at a time of economic downturn. They also blame government restrictions and a cut in government-controlled freight charges, from 13.5 to 11 dinars, per metric ton for poor profitability.

Government regulations now stipulate that trucks can carry a maximum 35 tons, compared with a previous ceiling of 60 tons. The tonnage was cut to reduce damage to roads.

Much truck traffic comes from Europe, Turkey and Syria, often heading for Gulf countries such as Kuwait and Saudi Arabia. Transport Ministry officials said that, while Jordan's political ties with Syria are strained, this has had little impact on cross-border trade.

Apart from the trucking industry, Jordan operates a fleet of more than 400 buses in the Public Transportation Corp. Figures for 1983 show that 51 million passengers used bus services, both on short city routes and on the intercity lines.

An unwelcome byproduct of the high volume of road traffic in Jordan has been the toll on the country's road system. In particular, roads leading to Iraq have been severely damaged by the increase in heavy loads.

As a result, an ambitious road-improvement plan is under way.

Around Aqaba, in the south, the government is to build a ring road to relieve congestion from the port under the next five-year plan, which begins next year. The World Bank has granted a \$30-million loan for the project.

A fast, modern four-lane highway already links Amman with the southern town of Maan, on the road to Aqaba, and serves Queen

Alia Airport. The government has earmarked work costing 107 million dinars to upgrade the country's road system by 1990.

In addition, the Public Works Ministry estimates that it needs 20 million dinars annually just for highway maintenance but complained earlier this year that it only had a 4-million-dinar allocation.

Another sector where Transport Ministry officials say they would welcome more development in railroads.

Jordan's most famous railroad is the Hijaz Line. The target of many acts of sabotage, the track featured in "Seven Pillars of Wisdom" by T.E. Lawrence, Lawrence of Arabia, an account of the 1916 Arab revolt against Turkish Ottoman rule.

The Hijaz Line was originally built by Turkey through Syria and Jordan to Saudi Arabia to carry Moslem pilgrims to Saudi Arabia's holy shrines of Mecca and Medina.

Officials said there have been studies of ways to improve the line, only part of which is now operational, but Saudi Arabia has expressed a preference for investment in roads.

Syria, however, has embarked on a modernization program on lines leading from Turkey to Damascus and from Damascus to the Jordanian frontier, which might provide the impetus for updating other parts of the Hijaz Line, they said.

Currently, part of the line to the south of Amman is used to carry phosphate to Aqaba. The Aqaba Railway Corp., which operates the service, recently received World Bank aid to restore some 100 kilometers (62 miles) of track.

Perhaps Jordan's proudest transport achievement of recent months — at least on political grounds — has been the establishment of a ferry link from Aqaba to Nuweiba, across the Gulf of Aqaba on Egypt's Sinai coast.

The service was inaugurated on April 25, the third anniversary of Israel's return of Sinai to Egypt, by King Hussein, President Hosni Mubarak of Egypt and Sultan Qaboos of Oman.

Currently, two ships ply the three-hour crossing daily and can take trucks, buses and cars.

The service provides a passage past Israeli territory — off limits to traffic from all Arab countries except Egypt. Jordanian officials said they expected one early commercial use would be the export of Iraqi cement to Egypt, carried by trucks using the ferry.

For the ordinary Jordanian or Egyptian, the new link provides a cheap route between Amman and Cairo. Buses leave both capitals every day to link up with the ferry. The total journey takes about 15 hours and costs 19 dinars per passenger, compared with the economy air fare of 54 dinars one way.

— JULIAN NUNDY

## United States Shifting Its Role in Bid for Peace in Region

(Continued From Page 10)

conference to deal with the Middle East, even though Washington at one time strongly favored it.

Thus, the question quickly became one of whether a joint Palestinian-Jordanian delegation could be put together that would not include PLO members but that at the same time had Palestinians in the group who were recognized as being leaders in the Palestinian community. Theoretically, if the PLO met the American conditions, that would make it possible for Washington to meet with a delegation that included PLO members. But

the Israelis would not negotiate with such a group because of their refusal to deal with the PLO under any circumstances.

Mr. Shultz, in his meeting with King Hussein on May 12 and 13 sought to make it clear that it was important for him and Mr. Arafat to propose Palestinians who could deal with Palestinians issues and be acceptable to the United States and — ultimately — Israel.

The complicated questions of peace negotiations has also spilled over into direct Jordanian-American relations. For years, the Jordanians have been trying to modernize

their forces to protect themselves against possible Syrian attack and also to aid Gulf states in trouble from Islamic extremists. The United States has been willing to help, but the Congress, under strong pressure from Israeli supporters, has been adamant against any sales of advanced equipment such as F-16 fighters or new anti-aircraft missiles until Jordan agrees to negotiate directly with Israel.

Majorities in both the House and Senate have passed resolutions against arms sales to Jordan until peace talks begin, and that, in effect, has tied the administration's hands.

On the ground, Jordan's biggest transport activity is trucking. Lines of heavy goods vehicles can be seen outside the capital, on the approaches to Aqaba and at the frontier crossings with Iraq and Syria.

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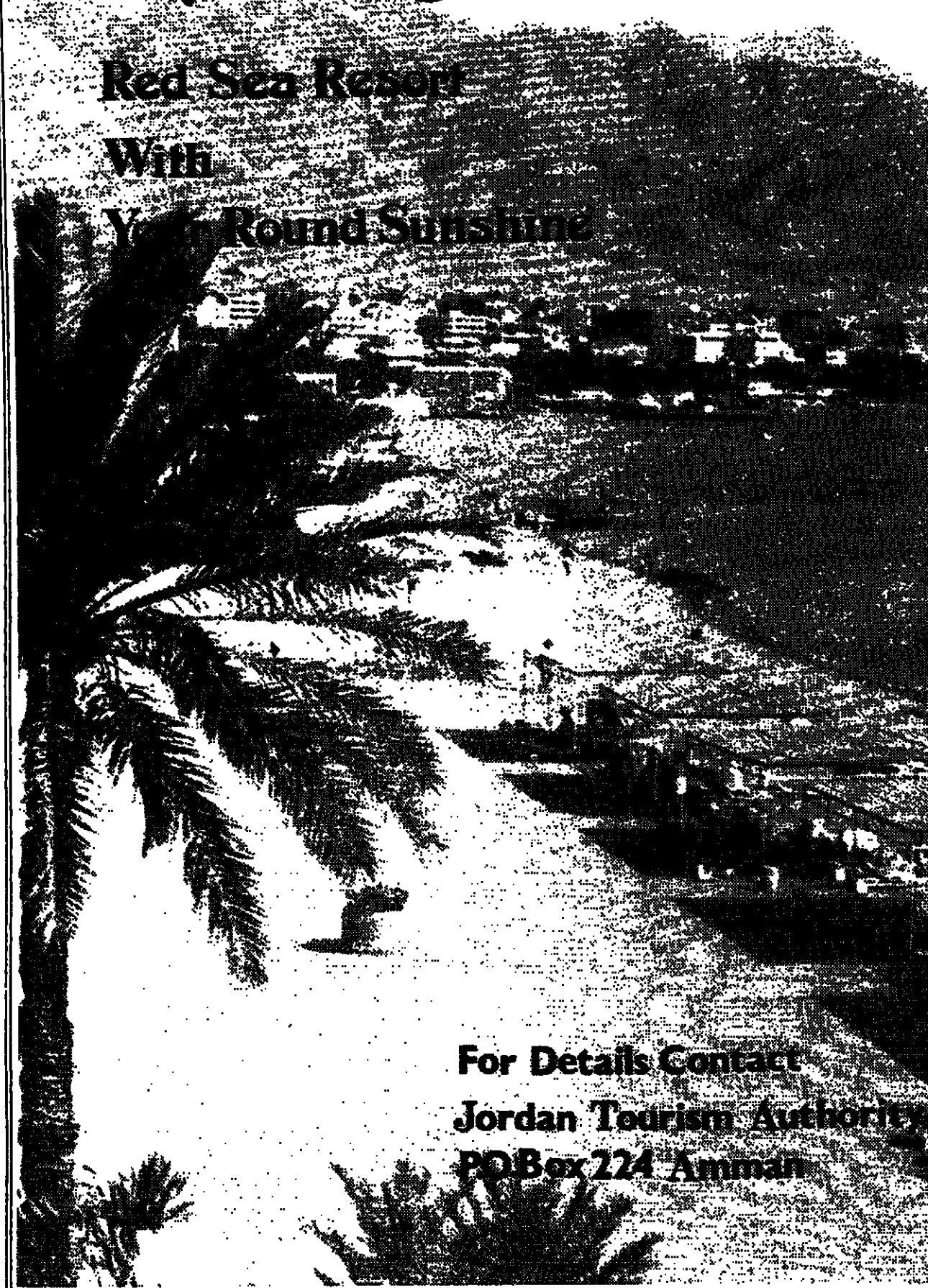
JULIAN NUNDY is on the editorial staff of the International Herald Tribune. Previously, he covered the Middle East for Newsweek magazine.

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ECONOMIC SCENE

U.S. Budget-Cutters  
Set Down to Business

By LEONARD SILK

NEW YORK — With the passage Thursday by the House of Representatives of a budget resolution, the struggle over budget cutting, the most important issue facing the U.S. and international economies, is coming to a head.

In the weeks ahead, an effort will be made to produce a compromise between the House resolution, which calls for the reduction of the deficit by \$259.1 billion over the next three years, and the Senate budget plan already adopted under the leadership of Senator Robert J. Dole of Kansas, the Republican majority leader, with President Ronald Reagan's backing.

The two plans differ in the total cuts they are proposing and, more significantly, in their composition. The House plan calls for deeper cuts in the rate of increase of military appropriations. The Senate would freeze real outlays for one year, allowing military spending to rise to cover inflation; the House would freeze nominal outlays in the first year, thereby budgeting for a real decline in military appropriations.

A major question about both plans is how much they would cut the deficit.

The Senate plan calls for a one-year freeze in the Social Security cost-of-living adjustment, while the House does not. The House plan also calls for a one-year freeze in the Social Security cost-of-living adjustment, while the House does not.

The plans also differ in their treatment of a great many other programs, with the Democrats seeking to protect or increase benefits for low-income groups and the Republicans aiming at cutting a greater number of social programs.

The House resolution is supposed to mean a three-year cut of \$259.1 billion, based on the same assumptions made by the Senate and the administration's Office of Management and Budget. Of that total cut in the deficit, \$6.25 billion would come from the revenue side, especially to pay for the Superfund to clean up industrial wastes.

The biggest deficit cuts in the House resolution are in the military area, accounting for more than half the total. Reductions from the originally planned administration military buildup were estimated at \$27.5 billion in 1986, \$45.15 billion in 1987 and \$64.6 billion in 1988, for a three-year total of \$137.25 billion, considerably more than the Senate proposes to cut from the military.

The Senate, on the other hand, would suspend the cost-of-living adjustment during 1986, thereby saving about \$27 billion over three years.

The Senate leadership admits that its plan would cut the three-year deficit total by "nearly \$300 billion," as compared with the House total of about \$250 billion. But how much will the cuts of either the Senate or House resolutions really amount to?

Both Houses used as their starting point the administration's base-line projections that, if no cuts were made, the deficits would total \$229 billion in 1986, \$245 billion in 1987 and \$244 billion in 1988.

If the budget cuts just voted by the House are made, the deficits for the next three years would, on the administration's economic assumptions, come down to \$173 billion in 1986, \$163 billion in 1987 and \$124 billion in 1988.

But the Congressional Budget Office, using less optimistic economic assumptions and what it considers more realistic assumptions about military outlays, estimates that the deficits for the next three years would amount to \$189 billion, \$176 billion and \$172 billion, respectively.

Is this enough of a reduction? The answer depends chiefly on the relation of the planned deficits to the gross national product.

(Continued on Page 17, Col. 1)

Canada  
Targets  
Investing

Budget Includes  
Steps on Deficit

By Douglas Martin

OTTAWA — The government has announced a variety of measures intended to promote business investment. It has also proposed temporary tax surcharges on businesses and individuals that reduce its projected deficit, but not by as much as some economists and businessmen had hoped.

The budget, introduced Thursday, was the first of the new Progressive Conservative Party government of Prime Minister Brian Mulroney, and was the clearest indication yet of his economic policies. It included such diverse proposals as a minimum tax on the rich, and such business stimulants as greatly eased capital-gains taxes.

Michael H. Wilson, minister of finance, told Parliament that the projected deficit for the fiscal year that began April 1 had been cut 3.2 billion Canadian dollars (\$2.33 billion), to 24.7 billion dollars. Some business leaders and economists had called for 5 billion dollars in cuts.

The budget also took a number of steps to spur investment, particularly in small business. Among other things, it proposed a personal tax exemption for capital gains of up to a lifetime limit of 365,000 dollars. It also said it would allow Canada's big pension funds to invest in private corporations.

Mr. Wilson announced a number of steps to curb Canada's mounting deficit, which currently equals 7 percent of the country's entire output, a proportion 45 percent greater than that of the United States. Chief among these actions was a surcharge on taxes paid by corporations and higher-income individuals. Such individuals will pay a 5-percent tax surcharge on income earned from July 1 to Dec. 31, 1986.

Another proposed temporary tax was a two-year, 1-percent tax on capital used in Canada by the country's big banks and trust companies. Beginning Jan. 1, this tax is expected to raise \$62 million a year.

Other new or increased taxes included a 1-cent increase in the federal sales tax; an 8-cent-a-gallon retail tax on gasoline to make up for recent tax concessions to the oil industry; and a 25-cent increase on the tax for a pack of cigarettes.

Mr. Wilson promised that to contain costs, the government would end much of the indexation of various transfer programs and tax exemptions, substantially cut agricultural and industrial subsidies, and sell a number of publicly-owned corporations.

BEIJING — China has announced the first break in its state banking monopoly by allowing the provinces of Guangdong and Fujian to open the first provincial banks.

The Canton Daily, reporting Friday on the decision, said the local banks would be separate economic organizations but would remain under the guidance of the People's Bank of China, the central bank.

Foreign bankers said the move was surprising following the imposition of tighter central bank control over state banks to stem a surge in the money supply and credit last year.

It is not clear if the new banks can deal in or accept foreign exchange deposits. Guangdong and Fujian are two of the main areas in which foreign companies operate.

The state banks are the Bank of China, which is the foreign exchange bank, the Commercial and Industrial Bank, the Construction Bank and the Agricultural Bank. There are also rural credit cooperatives that operate in conjunction with the Agricultural Bank.



The New York Times, Camera Press, Associated Press, United Press International

Investor Losses at Lloyd's of London

Some Backers of Famed Insurance Refuse to Pay Up

New York Times Service

LONDON — For nearly 300 years, Lloyd's of London has sold insurance backed, ultimately, by individuals. Organized into underwriting syndicates, groups of investors reaped profits when premiums outweighed claims — and promised to be personally liable, without limit, if too many disasters occurred.

Now, 2,500 members of two of the syndicates are facing losses that could exceed \$165 million, and many of the 500 who carry the bulk of the liability are refusing to pay up. The investors include such prominent figures as Adnan Kashoggi, the Saudi Arabian businessman; Jeffrey Archer, the best-selling novelist, and the Duchess of Kent.

Contending that they are the victims of fraud and misjudgment by two former syndicate managers, the investors are calling on Lloyd's itself to make good on some of their liabilities. A protracted legal battle is threatened and Lloyd's procedures and safeguards may soon become the focus of a House of Commons debate.

Lloyd's, founded in 1688, operates a \$5-billion insurance market in which its 23,438 underwriting members accept risks placed by brokers. Most of the members are nonprofessional investors, known as "names," and the rest are full-time insurance underwriters.

The brokers write details of the risk on a "slip"

that is taken to the "Room" — Lloyd's headquarters in London — where underwriting agents of the members initial the amount of each policy they are prepared to accept.

In the current dispute, the syndicate members believe that because of the reported shortcomings of their former managing agents — the people who actually made a commitment on their behalf — Lloyd's should compensate the members, at least for some of their losses, and assume a more vigilant role in monitoring the market.

The chairman of Lloyd's, Peter Miller, rejects any such suggestion. "If the amount 'names' have on deposit at Lloyd's is insufficient to match the legitimate claims, then we shall call upon the person concerned to find the rest of the money, up to the limit of his liability," he said.

As to suggestions that at least 100 of the 500 members involved would, as a result, be forced into bankruptcy, Mr. Miller said: "I believe it is correct to say that the Council of Lloyd's has never forced a member into bankruptcy and we hope not to have to do this, but we do expect each member to meet his liabilities, up to the limit of his assets."

Mr. Miller said this might mean that a member would have to sell his home and business. The members of the two syndicates, 918 and

(Continued on Page 17, Col. 1)

IBM Lowers Prices on Personal Computer Line

United Press International

BOCA RATON, Florida — International Business Machines announced on Friday price cuts ranging from 22 percent to 28 percent on some models in its personal computer line.

The reductions affect the PCjr home computer model and the portable PC. But the regular PC, whose price was lowered last month, was not affected by the new round of reductions.

IBM said the cuts were effective immediately and would be listed

with IBM's product centers, but dealer prices could still vary.

The company said it was cutting the basic price of its PCjr home computer, which it no longer is manufacturing, from \$999 to \$725.

The PCjr color display monitor went down from \$429 to \$399.

The portable personal computer with 256K of memory and one 360K disk drive was cut from \$2,595 to \$1,950. The two-disk-drive portable PC was reduced from \$2,895 to \$2,250.

"We conducted a business re-

Bundestag Votes  
For a 2-Phase  
Tax Reduction

Reuters

BONN — The Bundestag approved on Friday the government's proposals for a two-stage tax cut, despite criticism of the package from Chancellor Helmut Kohl's coalition partners.

The tax cut, worth 19.4 billion Deutsche marks (\$6.27 billion) will be put into effect in 1986 and in 1988. The Free Democrats and Christian Social Union, both members of Mr. Kohl's government, had demanded that the cuts be introduced in one stage next year to stimulate the economy and reduce unemployment.

Despite their objections, deputies from the two parties voted for the package to ensure a majority against the Social Democrats and the Greens.

Finance Minister Gerhard Stoltenberg told the Bundestag that a single large cut would have pushed up interest rates and therefore might have stimulated inflation.

The new measure will mean an 8-percent reduction in the tax bill for the average citizen. Half of the first stage will directly benefit couples with children.

A former Social Democratic finance minister, Hans Apel, said the cut would chiefly benefit high earners and would do nothing to reduce the unemployment figure of more than 2.4 million.

Steel Aid Is Pledged

Mr. Kohl promised further government financial aid Friday for the steel industry in the Saar, in talks with the state's new prime minister, Oskar Lafontaine, Mr. Lafontaine said.

Reuters quoted Mr. Lafontaine as saying the aid would go to the Saar's program for restructuring the industry. The aid, he said, would not mean a direct injection of funds into Arbed Saarstahl GmbH, the ailing steel group.

Mr. Lafontaine declined to give any details on the amount of aid he

was expecting, saying negotiations on figures were continuing.

Dieter Vogel, a spokesman for the Economics Ministry who also met Mr. Lafontaine, said the government would take over some of Arbed's debt repayment once the group produced a realistic program for its revival.

Mr. Lafontaine said Arbed would need 202 million DM in support this year to stay afloat.

He also said he hoped the government would eventually take over all of the company's debt repayments, amounting to 53.4 million DM this year.

Saudi Telex Stirs  
Oil Price Rumor

Compiled by Our Staff From Dispatches

LONDON — A rumor, caused by a telex, that Saudi Arabia was considering reducing oil prices spread Friday through the oil market. But the rumor was not taken seriously, and prices of North Sea oil firmed slightly.

The rumor surfaced after Saudi Arabia's state oil trading company, Petromin, sent a telex to clients Thursday that defined policy for pricing shipments when an oil price change is being instituted. U.S. oil industry sources said Friday that the telex was probably a simple attempt by Petromin to forestall conflicts that had arisen over cargo prices when crude oil prices were cut.

Those views differed from interpretations in Rotterdam, where the telex was viewed as a hint of a possible price cut. Traders in Rotterdam said the rules in the telex did not differ substantially from provisions in existing contracts. "The only possible purpose in sending such a telex now seems to be to warn us of a forthcoming price cut," a trader said.

(AFP, Reuters)

Currency Rates

Currency	Rate	Change
Australian dollar	1.4875	0.0025
Belgian franc	36.36	0.00
British pound	1.6450	0.0050
Canadian dollar	0.7125	0.0025
Deutsche mark	2.36	0.00
French franc	6.55	0.00
Italian lira	1,360	0.00
Japanese yen	163.60	0.00
Netherlands guilder	2.2037	0.0000
New Zealand dollar	0.4750	0.0025
Portuguese escudo	200.48	0.00
Spanish peseta	166.64	0.00
Swiss franc	2.03	0.00
West German mark	2.36	0.00

Source: Reuters. Rates are for U.S. dollars. All rates are for 100 units of foreign currency. Rates are for 100 units of foreign currency. Rates are for 100 units of foreign currency.

Interest Rates

Instrument	Rate	Change
3-month T-bill	7.50%	0.00%
6-month T-bill	7.50%	0.00%
1-year T-bill	7.50%	0.00%
3-month Treasury note	8.50%	0.00%
6-month Treasury note	8.50%	0.00%
1-year Treasury note	8.50%	0.00%
3-month corporate bond	9.50%	0.00%
6-month corporate bond	9.50%	0.00%
1-year corporate bond	9.50%	0.00%

Source: Reuters. Rates are for U.S. dollars. All rates are for 100 units of foreign currency. Rates are for 100 units of foreign currency.

Asian Dollar Deposits

Bank	Rate	Change
Bank of China	1.00%	0.00%
Commercial Bank of China	1.00%	0.00%
Industrial Bank of China	1.00%	0.00%
Construction Bank of China	1.00%	0.00%
Agricultural Bank of China	1.00%	0.00%

Source: Reuters. Rates are for U.S. dollars. All rates are for 100 units of foreign currency. Rates are for 100 units of foreign currency.

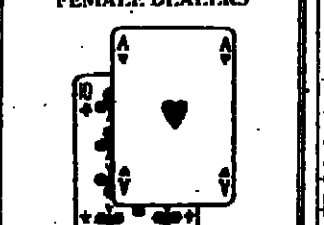
U.S. Money Market Funds

Fund	Assets	Assets
Fidelity Puritan	\$1.2 billion	\$1.2 billion
Putnam Fund for Growth	\$1.1 billion	\$1.1 billion
Investment Company of America	\$1.0 billion	\$1.0 billion
Putnam Fund for Growth	\$0.9 billion	\$0.9 billion
Investment Company of America	\$0.8 billion	\$0.8 billion

Source: Reuters. Rates are for U.S. dollars. All rates are for 100 units of foreign currency. Rates are for 100 units of foreign currency.

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Discussions on terms and conditions for this post have led to nothing. Further interviews will be equally unproductive - our offer terminates June 30th in writing. No other dates will be considered. This is our final position and only interested candidates should contact us to arrange final administrative procedures.

Annette HALE,  
P.O. Box 164041, Miami, FLORIDA.







## BUSINESS ROUNDUP

M's Capital Spending  
Total \$9 Billion in '85

United Press International

ST. LOUIS — The chairman of General Motors Corp., Roger B. Smith, said Friday that GM's worldwide capital spending is approaching \$9 billion in 1985 and could become "the forerunner of technology in the world."

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Mineral Firm  
Cuts Fibro Stake

New York Times Service

NEW YORK — Minerals & Resources Corp. of Hamilton, Bermuda, says it plans to dispose of 10 million shares of Fibro-Salomon Inc. stock, currently valued at about \$400 million, as part of its plan to redevelop its assets.

The sale would reduce the company's stake in Fibro-Salomon to about 14.5 percent of the 145 million shares outstanding from about 22 percent. But Minerals & Resources would remain the largest shareholder in Fibro-Salomon.

The shares are to be sold in the open market, subject to market conditions, through a syndicate led by Salomon Brothers Inc. Fibro-Salomon stock fell 3/8 to 39 1/2 in trading Friday on the New York Stock Exchange. Minerals & Resources said it would gain significant capital from the sale of Fibro-Salomon stock, and channel that gain into "new investment areas."

The chairman also noted that GM has a number of significant new plants and products under way, including advancing Saturn Corp. from a "concept to a corporation."

Construction of a \$3.5-billion, high-tech assembly complex for GM's proposed Saturn small car has become one of the most sought-after industrial projects in the United States.

Asked about the ongoing site selection process, Mr. Smith said, "We are not putting state against state."

GM stock closed Friday at \$70.125 a share on the New York Stock Exchange, down 6 1/2 cents.

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Chairman of FCA Predicts  
A Loss for the 2d Quarter

The Associated Press

NEW YORK — Financial Corp. of America probably will lose money in the current quarter but may be profitable in the last half of the year if interest rates go no higher, its chairman said Friday.

William J. Popejoy, who took over as chairman and chief executive of the thrift in August, also said the deposit outflow at its American Savings & Loan Association subsidiary appeared to have been halted this month.

Mr. Popejoy said withdrawals exceeded deposits by about \$2.5 billion in the first four months of the year, but added: "We are in the black for the month of May."

American Savings, based in Stockton, California, ranked first in the United States in terms of deposits at the end of 1984 at \$20.3 billion.

Speaking to securities analysts at a luncheon, Mr. Popejoy declined to specify how large the third-quarter loss might be. But he said there was a "good possibility" even at current interest rates that the company could post a profit in the third quarter and "an even better possibility" that it would be profitable in the fourth quarter.

He told the analysts that the company would be able to post a profit at current levels of interest rates because it had reduced its operating expenses by about 20 percent and cut its work force by 30 percent.

Financial Corp. of America had a loss of \$38.1 million in the first three months of 1985, and Mr. Popejoy said he doubted the company would post a full-year profit without a sharp decline in interest rates.

Mr. Popejoy took over as chairman last summer succeeding Charles W. Knapp.

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## COMPANY NOTES

Bayerische Motoren Werke AG

expected volume, sales and production this year to increase in similar proportions to 1984, according to the management board chairman, Eberhard von Koenig. Last year, parent-company net profit increased 13.8 percent to 329.63 million Deutsche marks (\$107 million), from 288 million DM in 1983.

Blue Circle Industries PLC has signed contracts to buy Atlantic Cement Co. from Newmont Mining Corp. for \$145 million, following government approvals in the United States. Blue Circle said the agreement is scheduled to be concluded next Wednesday.

Broken Hill Pty. is seeking more U.S. shareholders in order to broaden the market for its stock, the managing director, Brian L. Lonsdale, said. BHP wants U.S. investment in its capitalization of about \$6.5 billion to increase to around 10 percent from 1 percent at present, he said.

Grumman Corp.'s Grumman Aerospace Corp. won three U.S. Navy contracts evaluated at \$125 million for production of nine E-2C surveillance aircraft, the Defense Department said. It said that two of the planes would be sold to Singapore and one to Egypt. It also said Boeing Co.'s Boeing Military Airplane Co. had received \$57.3 million from the air force for B-1B aircraft spare parts.

Himont Inc. of the United States and Metro Co. of Thailand have agreed to set up a joint venture worth 3 billion baht (\$109.2 million) to produce 100,000 tons of polypropylene a year in Thailand, Metro said. The new venture will begin producing polypropylene in 1988.

Multimedia Inc. has been ordered to suspend a restructuring move, following a court challenge by Jack Kent Cooke, a Washington lawyer whose bids for the company have been turned down. A judge in Greenville, North Carolina, signed an order temporarily preventing the company from carrying out a recapitalization plan that, Mr. Cooke said, would be less advantageous to Multimedia shareholders than his offer of \$65 a share.

Peerless PLC said it would probably show a net, unaudited gain of about \$1.3 million (\$1.64 million) in the fiscal year that ended in March. This compares with a net profit of \$1.36 million the previous year. Peerless attributed the expected loss to problems with its Highway distribution and marketing subsidiaries.

Shelter-Globe Corp. said it has agreed in principle to form a joint venture with Ryobi Ltd. of Tokyo to make precision die castings in the United States. It said a plant for the venture would be located near major automakers in the Midwest, and would initially produce large transmission casings for automotive use. Terms were not immediately available.

Woolworth Holdings PLC said it is raising about £143.2 million (\$180.2 million) of 8 1/2 percent convertible unsecured loan stock, dated 2000, through an underwritten rights issue at par of £146.3 million in nominal value. Under the terms, £17 of convertible loan stock can be exchanged for 10 ordinary shares. Woolworth said the convertible loan stock is also being offered to holders of the company's 11-percent convertible unsecured loan stock.

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100% 1/4	10.00	100.00	100% 1/4	10.00	100.00	100% 1/4
100% 1/8	10.00	100.00	100% 1/8	10.00	100.00	100% 1/8
100% 1/16	10.00	100.00	100% 1/16	10.00	100.00	100% 1/16
100% 1/32	10.00	100.00	100% 1/32	10.00	100.00	100% 1/32
100% 1/64	10.00	100.00	100% 1/64	10.00	100.00	100% 1/64
100% 1/128	10.00	100.00	100% 1/128	10.00	100.00	100% 1/128
100% 1/256	10.00	100.00	100% 1/256	10.00	100.00	100% 1/256
100% 1/512	10.00	100.00	100% 1/512	10.00	100.00	100% 1/512
100% 1/1024	10.00	100.00	100% 1/1024	10.00	100.00	100% 1/1024
100% 1/2048	10.00	100.00	100% 1/2048	10.00	100.00	100% 1/2048
100% 1/4096	10.00	100.00	100% 1/4096	10.00	100.00	100% 1/4096
100% 1/8192	10.00	100.00	100% 1/8192	10.00	100.00	100% 1/8192
100% 1/16384	10.00	100.00	100% 1/16384	10.00	100.00	100% 1/16384
100% 1/32768	10.00	100.00	100% 1/32768	10.00	100.00	100% 1/32768
100% 1/65536	10.00	100.00	100% 1/65536	10.00	100.00	100% 1/65536
100% 1/131072	10.00	100.00	100% 1/131072	10.00	100.00	100% 1/131072
100% 1/262144	10.00	100.00	100% 1/262144	10.00	100.00	100% 1/262144
100% 1/524288	10.00	100.00	100% 1/524288	10.00	100.00	100% 1/524288
100% 1/1048576	10.00	100.00	100% 1/1048576	10.00	100.00	100% 1/1048576
100% 1/2097152	10.00	100.00	100% 1/2097152	10.00	100.00	100% 1/2097152
100% 1/4194304	10.00	100.00	100% 1/4194304	10.00	100.00	100% 1/4194304
100% 1/8388608	10.00	100.00	100% 1/8388608	10.00	100.00	100% 1/8388608
100% 1/16777216	10.00	100.00	100% 1/16777216	10.00	100.00	100% 1/16777216
100% 1/33554432	10.00	100.00	100% 1/33554432	10.00	100.00	100% 1/33554432
100% 1/67108864	10.00	100.00	100% 1/67108864	10.00	100.00	100% 1/67108864
100% 1/134217728	10.00	100.00	100% 1/134217728	10.00	100.00	100% 1/134217728
100% 1/268435456	10.00	100.00	100% 1/268435456	10.00	100.00	100% 1/268435456
100% 1/536870912	10.00	100.00	100% 1/536870912	10.00	100.00	100% 1/536870912
100% 1/1073741824	10.00	100.00	100% 1/1073741824	10.00	100.00	100% 1/1073741824
100% 1/2147483648	10.00	100.00	100% 1/2147483648	10.00	100.00	100% 1/2147483648
100% 1/4294967296	10.00	100.00	100% 1/4294967296	10.00	100.00	100% 1/4294967296
100% 1/8589934592	10.00	100.00	100% 1/8589934592	10.00	100.00	100% 1/8589934592
100% 1/17179869184	10.00	100.00	100% 1/17179869184	10.00	100.00	100% 1/17179869184
100% 1/34359738368	10.00	100.00	100% 1/34359738368	10.00	100.00	100% 1/34359738368
100% 1/68719476736	10.00	100.00	100% 1/68719476736	10.00	100.00	100% 1/68719476736
100% 1/137438953472	10.00	100.00	100% 1/137438953472	10.00	100.00	100% 1/137438953472
100% 1/274877906944	10.00	100.00	100% 1/274877906944	10.00	100.00	100% 1/274877906944
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100% 1/1099511627776	10.00	100.00	100% 1/1099511627776	10.00	100.00	100% 1/1099511627776
100% 1/2199023255552	10.00	100.00	100% 1/2199023255552	10.00	100.00	100% 1/2199023255552
100% 1/4398046511104	10.00	100.00	100% 1/4398046511104	10.00	100.00	100% 1/4398046511104
100% 1/8796093022208	10.00	100.00	100% 1/8796093022208	10.00	100.00	100% 1/8796093022208
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100% 1/2251799864885248	10.00	100.00	100% 1/2251799864885248	10.00	100.00	100% 1/2251799864885248
100% 1/4503599729770496	10.00	100.00	100% 1/4503599729770496	10.00	100.00	100% 1/4503599729770496
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100% 1/36028797838163968	10.00	100.00	100% 1/36028797838163968	10.00	100.00	100% 1/36028797838163968
100% 1/72057595676327936	10.00	100.00	100% 1/72057595676327936	10.00	100.00	100% 1/72057595676327936
100% 1/144115191326655872	10.00	100.00	100% 1/144115191326655872	10.00	100.00	100% 1/144115191326655872
100% 1/288230382653311744	10.00	100.00	100% 1/288230382653311744	10.00	100.00	100% 1/288230382653311744
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100% 1/36893489779623903232	10.00	100.00	100% 1/36893489779623903232	10.00	100.00	100% 1/36893489779623903232
100% 1/73786979559247806464	10.00	100.00	100% 1/73786979559247806464	10.00	100.00	100% 1/73786979559247806464
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100% 1/18889466761167398454784	10.00	100.00	100% 1/18889466761167398454784	10.00	100.00	100% 1/18889466761167398454784
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100% 1/75557867044669593819136	10.00	100.00	100% 1/75557867044669593819136	10.00	100.00	100% 1/75557867044669593819136
100% 1/151115734089339187638272	10.00	100.00	100% 1/151115734089339187638272	10.00	100.00	100% 1/151115734089339187638272
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100% 1/19342813963435416017698816	10.00	100.00	100% 1/19342813963435416017698816	10.00	100.00	100% 1/19342813963435416017698816
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100% 1/77371255853741664070795264	10.00	100.00	100% 1/77371255853741664070795264	10.00	100.00	100% 1/77371255853741664070795264
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100% 1/618970046829933312566362112	10.00	100.00	100% 1/618970046829933312566362112	10.00	100.00	100% 1/618970046829933312566362112
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100% 1/4951760374639466500530896896	10.00	100.00	100% 1/4951760374639466500530896896	10.00	100.00	100% 1/4951760374639466500530896896
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